



**STATE OF DELAWARE**

Summary Status of Prior Year Findings

June 30, 2006

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 03-SSC-04  
**Fiscal Year:** 2003  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.658 Low Income Home Energy Assistance Program (LIHEAP)

#### *Condition*

It is the Division of State Service Centers' policy to conduct monitoring visits at least one time each year. There was no monitoring visit for Catholic Charities, the subrecipient that receives a majority of LIHEAP funds, during the 2003 fiscal year. Additionally, the cooling segment of the LIHEAP program is not included in monitoring procedures and also has not been included in the automated eligibility database used by Catholic Charities.

#### *Recommendation*

We recommend that monitoring visits be made at least once each year for all subrecipients. We further recommend that monitoring visits include the cooling segment and that the cooling program be included in the automated database.

#### *Agency Contact*

Leslie Lee (302) 255-9681  
Sonya Battle (302) 255-9888

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

There are three components to this finding. The first two components relate to monitoring activities and have been corrected as reported previously. DTI requirements, timing issues, funding challenges, and negotiations have prevented the third component (including the cooling segment of the program) from being added to the LIHEAP automated database used by Catholic Charities. We anticipate this component being incorporated into the LIHEAP automated database by the end of this state fiscal year.

#### *Anticipated Completion Date*

The revised anticipated completion date is now June 30, 2007.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-CJC-03  
**Fiscal Year:** 2004  
**Related Prior Findings:** 03-JUS-01  
**Current Year Findings:** None  
**Program:** 16.579 Byrne Formula Grant

#### *Condition*

- The CJC had two employees allocating 100% of their salaries and five employees allocating a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees were either allocated 100% or were based on budgeted amounts. No effort reporting was performed.
- The Legal Public Defender department had seven employees allocating all or a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees were either allocated 100% or were based on budgeted amounts. No effort reporting was performed.
- The Superior Court had 14 employees allocating all or a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees were either allocated 100% or were based on budgeted amounts. No effort reporting was performed.

#### *Recommendation*

We recommend that all employees allocating time to the Byrne Formula Grant begin maintaining effort reporting to reflect actual effort devoted to the program in accordance with the criteria cited above.

#### *Agency Contact*

James Kane, Executive Director (302) 577-5030

#### *Finding Status*

Fully corrected.

#### *Status*

The Criminal Justice Council, the Legal Public Defender, and the Superior Court maintain time and effort sheets for reporting an employees' allocation of hours worked for the grant.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-CJC-05  
**Fiscal Year:** 2004  
**Related Prior Findings:** 03-JUS-04  
**Current Year Findings:** None  
**Program:** 16.579 Byrne Formula Grant

#### ***Condition***

*CJC:* We recommended in the prior year that the department implement supervisory review and segregation of duties controls for the preparation and submission of the SF-269. This recommendation was not implemented by the CJC in the current year.

*Legal Public Defender:* For the Byrne Formula Grant program, there is a lack of segregation of duties surrounding the approval of nonpayroll expenditures. One of the required signatures is stamped on the documents indicating approval; however, the individual does not review the document. Additionally, there is a lack of segregation of duties concerning processing of payroll transactions. One individual is responsible for entering sick, vacation, and regular time into the State payroll system without oversight or review. Eight of the 30 nonpayroll transactions selected for allowable cost testwork and 36 of the 92 payroll transactions selected for allowable cost testwork were subject to these internal controls. (See related finding concerning lack of effort reporting.)

*Family Court:* For the Byrne Formula Grant program, the Family Court office submitted only two of the required four quarterly reports to the CJC, and they were prepared and submitted without supervisory review.

#### ***Recommendation***

We continue to recommend that the CJC implement supervisory review and segregation of duties controls for the preparation of the SF-269 reports.

We further recommend that:

- The Legal Public Defender develop policies and procedures to segregate duties related to both payroll and nonpayroll expenditures to reasonably ensure detection of unallowable costs.
- The Family Court develop policies and procedures to ensure reports submitted to CJC are reviewed by an individual other than the preparer before submission.

#### ***Agency Contact***

James Kane, Executive Director (302) 577-5030

#### ***Finding Status***

Fully corrected.

#### ***Status***

The Criminal Justice Council and the Legal Public Defender have enforced the segregation of duties and supervisory review. The Family Court has enforced supervisory review of documents before submission to CJC.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-CJC-06  
**Fiscal Year:** 2004  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 16.523 Juvenile Accountability Incentive Block Grant

#### ***Condition***

*CJC:* For the JAIBG program, one employee in the CJC prepared and submitted quarterly SF-269 reports to the U.S. Department of Justice without supervisory review.

*Legal Public Defender:* For the JAIBG program, one employee in the Legal Public Defender's office prepared and submitted quarterly reports to CJC without supervisory review.

*Superior Court:* For the JAIBG program, one employee in the Superior Court office prepared and submitted the quarterly reports to CJC without supervisory review.

#### ***Recommendation***

We recommend that the Legal Public Defender and Superior Court develop policies and procedures to ensure that the preparation and review of CJC financial reports are segregated to ensure completeness and accuracy.

We further recommend that the CJC develop policies and procedures to ensure that the preparation and review of CJC financial reports are segregated to ensure completeness and accuracy.

#### ***Agency Contact***

James Kane, Executive Director (302) 577-5030

#### ***Finding Status***

Fully corrected.

#### ***Status***

The Criminal Justice Council and the Legal Public Defender have enforced the segregation of duties and supervisory review. The Family Court has enforced supervisory review of documents before submission to CJC.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-CJC-09  
**Fiscal Year:** 2004  
**Related Prior Findings:** 03-JUS-06  
**Current Year Findings:** None  
**Program:** 16.523 Juvenile Accountability Incentive Block Grant  
16.579 Byrne Formula Grant

#### *Condition*

The CJC was unable to provide supporting documentation for the amount reported as matching on its SF-269 reports, other than information from its Grants Management System (GMS), which is used to record grant awards and expenditures made by CJC subrecipients. We were unable to trace amounts in GMS to underlying supporting documentation.

Additionally, the cash disbursements reported on the quarterly SF-269 reports were not reconcilable to the expenditures reported on the SEFA because the State's accounting system (DFMS) is not reconciled to GMS. The quarterly SF-269 reports for the State fiscal year ended June 30, 2004 underreported expenditures by \$1,088,100 for the Byrne Formula Grant program and \$1,097,866 for the JAIBG program based on amounts reported in the schedule of the expenditures of federal awards.

We recommended in the prior year that CJC perform a periodic reconciliation of expenditures between the DFMS and GMS systems, in order to identify the timing differences between the disbursements to subrecipients (reflected in DFMS) and the amounts expended by subrecipients (reflected in GMS). The CJC has not yet implemented this recommendation.

#### *Recommendation*

We continue to recommend that the CJC perform a periodic reconciliation of expenditures between the DFMS and GMS systems.

We further recommend that supporting documentation for matching amounts reported be retained as such amounts may not be readily identifiable in the DFMS system. Additionally, in conjunction with finding 04-CJC-01, subrecipient monitoring procedures should include procedure to verify that matching amounts reported by subgrantees are appropriate and from an allowable source.

We further recommend that the CJC develop, in conjunction with the Budget Office and Division of Accounting, ways to use the State accounting system to monitor expenditures of subawarded State agencies, rather than relying on manually prepared financial reports from those agencies.

#### *Agency Contact*

James Kane, Executive Director (302) 577-5030

#### *Finding Status*

Action taken different than original corrective action.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

**June 30, 2006**

#### ***Status***

Our agency is in the process of waiting for approval to purchase a new GMS system. It is our hope that we would possibly be able to reconcile GMS with DFMS with regards to expenditures. We could not reconcile the two systems prior because Cash Adjustment (CA) document transactions do not show as expenditures on our reports.

Our CJC grant monitors follow policies and procedures to ensure the tracking of subrecipient match dollars.

The Budget Office has been sending monthly documents that show the expenditures of grant recipients who are State agencies.

#### ***Anticipated Completion Date***

Upon approval from the Technology Investment Council, we will be able to move forward with the purchasing of a new GMS system.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-CYF-05  
**Fiscal Year:** 2004  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.568 Foster Care Title IV-E  
93.659 Adoption Assistance

#### *Condition*

The Department contracts with several not-for-profit agencies to identify and approve foster care providers and adoptive parents. The Department determines which children are to be placed with the providers identified by the not-for-profits; however, the not-for-profit is responsible for determination and maintenance of documentation related to the approval of foster care and adoptive providers.

Although the Department performs monitoring of these not-for-profits in conjunction with licensing determinations, OMB Circular A-133 audit reports are not obtained and reviewed.

#### *Recommendation*

We recommend that the Department obtain and review OMB Circular A-133 audit reports as described in the criteria above for these not-for-profit organizations.

#### *Agency Contact*

Harry Roberts (302) 892-4534

#### *Finding Status*

No longer warranting further action.

#### *Status*

This is a prior year finding originating from the FY-04 single audit in which DSCYF stated that it did not agree with the conclusions of the finding for reasons outlined in the auditee response section of the audit report. These reasons were also outlined in the August 23, 2005 audit report response to the Region III office of the DHHS Administration for Children and Families. On December 13, 2005 the Region III office issued its decision on this finding and concluded "ACF does not concur with the auditors' recommendation. Based upon the criteria set forth in Subpart B, Sections 210 (b) and (c) of OMB Circular A-133, and DSCYF's depiction of the characteristics of the relationship with these agencies, ACF determined that the agreements to identify and approve foster care providers and adoptive parents are contracts with vendors, and not subrecipients of federal awards subject to A-133 audit requirements."

#### *Anticipated Completion Date*

Per the Region III office of ACF, the finding has been addressed sufficiently.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-DSS-04  
**Fiscal Year:** 2004  
**Related Prior Findings:** 03-DSS-04  
**Current Year Findings:** None  
**Program:** 93.775, Medical Assistance Cluster  
93.777,  
93.778

#### *Condition*

This report details actual Medicaid expenditures claimed during the quarter. The following claim types are detailed in the report:

- Inpatient Hospital Services
- Mental Health Services
- Skilled Nursing Services
- Dental Services
- Clinic Services
- Outpatient Hospital Services
- Radiology Services

Each category has a numerical code for tracking purposes within the Medicaid Management Information System (MMIS) managed by third-party servicer EDS.

We noted that the cost information provided by EDS in its weekly invoice is not presented in the same format as is required in the 64-9 report. Additionally, MMIS is not currently capable of sorting and totaling the claims data in the appropriate format for the report. Therefore, the Division of Management Services has to manually enter the EDS invoice data into various spreadsheets and perform adjustments to arrive at amounts reported.

#### *Recommendation*

We continue to recommend that the Division of Social Services, in conjunction with the Division of Management Services, develop the necessary reporting capabilities within MMIS to eliminate the manual reporting process.

#### *Agency Contact*

Frank Long (302) 255-9624  
Melissa Isbell (302) 255-9261

#### *Finding Status*

No longer warranting further action.

#### *Status*

It has been determined from previous audits that nothing material has ever been claimed incorrectly. The current process may be labor intensive and the process itself may be cumbersome however, the process is accurate.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 04-SAM-02  
**Fiscal Year:** 2004  
**Related Prior Findings:** None  
**Current Year Findings:** 06-SAM-02  
**Program:** 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

#### *Condition*

In our sample of 30 nonpayroll transactions (total sample \$322,080), we noted two items for administrative costs (total \$1,457) that were allocated to the Block Grant for the Prevention and Treatment of Substance Abuses on the basis of total funding available from various funding streams rather than actual usage of these services (i.e., Attorney General charges) by the program.

Total nonpayroll costs for the grant were \$6,718,178.

#### *Recommendation*

We recommend that the Division develop procedures to allocate administrative costs on the basis of actual usage of goods or services by the program. We further recommend that the Division ensure that administrative items applied to the Block Grant as direct costs are not already included as part of the indirect cost rate billed quarterly by the Division of Management Services.

#### *Agency Contact*

Ben Klein (302) 255-9153

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

Procedures have been drafted and are being implemented on a trial basis during FY 2007. These procedures will be finalized by the end of the fiscal year.

#### *Anticipated Completion Date*

June 30, 2007

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

**Finding Number:** 05-AGI-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 02-AGI-01, 02-DHSS-01, 03-AGI-01, 04-AGI-01  
**Current Year Findings:** 06-AGI-01  
**Program:** 93.044, Aging Cluster  
93.045,  
93.053

***Condition***

Employees who are 100% charged to the Aging Cluster complete semiannual certifications in accordance with OMB Circular A-87. Employees work on multiple cost objectives, however, while tracking of effort is performed for employees in the client services unit, Division of Services for the Aging and Adults with Physical Disabilities (DSAAPD) has not yet developed a system to accurately allocate costs based on actual effort.

***Recommendation***

We recommend that the DSAAPD continue development of procedures to allocate salaries based on time studies performed in accordance with its Summary Status of Prior Year Findings.

***Agency Contact***

Albert W. Griffith (302) 255-9355

***Finding Status***

Not corrected or partially corrected.

***Status***

The Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) utilizes a federally approved cost allocation system for tracking employee's time. Employee's time is tracked on a quarterly basis; however, the system to accurately adjust funding corrections is still under development. Currently information is mostly manually aggregated and requires additional time to provide detailed information. Additional staffing resources are required to correct this audit finding. We will pursue additional options to accurately allocate these costs.

***Anticipated Completion Date***

January 2008

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-AGI-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.044, Aging Cluster  
93.045,  
93.053

#### *Condition*

For the year ended June 30, 2005, \$3,155,175 was expended under subcontracts for the Aging Cluster. Total expenditures for the program were \$4,679,108.

DSS performs subrecipient monitoring activities throughout the year, including site visits and project monitoring, which are designed to detect material noncompliance and internal control deficiencies related to the Aging Cluster.

DSS routinely requests audit reports as part of its annual contract renewal process. DSS's "Checklist for Completing Contract Renewals" includes a line for recording the year of the most recent audit report, the date of the audit, and the initials of the individual who reviewed the report. However, DSS does not:

- maintain copies of the OMB Circular A-133 audit reports received from subrecipients
- maintain documentation concerning the consideration of findings identified in the report and their impact on further monitoring efforts and contract renewal
- have a procedure in place for verifying whether or not a subrecipient is required to meet the audit requirements of OMB Circular A-133 (receives more than \$500,000 in federal awards during the subrecipient's fiscal year)

#### *Recommendation*

We recommend that DSS:

- Retain all OMB Circular A-133 audit reports received
- Obtain confirmation from subrecipients that do not submit an OMB Circular A-133 audit report that they were not required to do so because they did not meet the expenditure threshold or for some other reason
- Document its consideration of any findings contained in the OMB Circular A-133 audit reports including the impact of any noncompliance or internal control weaknesses on the contract renewal process and future monitoring efforts

#### *Agency Contact*

Albert W. Griffith (302) 255-9355

#### *Finding Status*

Not corrected or partially corrected.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

#### ***Status***

In July 2006, DSAAPD began retaining all OMB Circular A-133 reports received during the fiscal year and started obtaining confirmation from subrecipients that are not required to submit an audit report. In addition, a form has been developed to document a completed review of any audit reports received.

#### ***Anticipated Completion Date***

July 2006

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-CSE-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-CSE-01  
**Current Year Findings:** 06-CSE-01, 06-CSE-02  
**Program:** 93.563 Child Support Enforcement

#### *Condition*

In the prior year, we recommended that the Division of Child Support Enforcement (DCSE) establish appropriate steps to review worklists generated by the Delaware Automated Child Support Enforcement System (DACSES) computer system to determine cases requiring action in order to provide adequate lead time for employees to complete actions necessary to comply with time requirements. We further recommended that the Division replace DACSES with a computer system that could better facilitate establishment of paternity and support obligations.

DCSE continues to work toward implementation of these recommendations. However, per DCSE's Summary Status of Prior Year Findings, recommendations were only partially implemented as of June 30, 2005.

#### *Recommendation*

We recommend that DCSE continue with its corrective action plan including the following initiatives:

- Worklist management initiative
- Redistribution of caseloads
- New DACSES system

#### *Agency Contact*

Guy Perrotti, Deputy Director (302) 326-6201  
Linda Murphy, Senior Administrator for Operations (302) 326-6201

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

##### *Worklist Management Initiative*

*Phase I:* Eliminate the creation of duplicate worklist items. COMPLETED September 5, 2004.

*Phase II:* Consolidation of the creation of the worklist items, including a new hierarchy of the worklist items. COMPLETED April 17, 2005.

*Phase III:* Will adjust the processing and timing of interstate related cases and remove the isolated absent parent locate function (APLS), giving that function to all caseworkers. Projected completion date December 31, 2006.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

*Phase IV:* All processes and worklists should allow cases to be worked until eventual completion without the indefinite suspension of any case minus some form of notification or processing by an automated function. The second goal of this phase requires an analysis of the priority schemes applied to worklist items.

*Phase V:* Evaluation completion of the total worklist management initiative is projected for the Dec 2007.

#### *Caseload Distribution*

DCSE will redistribute caseloads so that staff is responsible for specific tasks on multiple types of cases. To do this, Child Support Specialists (CSS) will be placed into two primary functional categories: Establishment workers and enforcement workers. Establishment workers will be responsible for a case from the time of application/intake until the time a support order is established. Among their primary duties (in addition to establishing an order) will be to locate parent and paternity establishment. Enforcement workers will be responsible for a case from the time the order is recorded until the case is closed, taking all required enforcement and modification action necessary to properly work the case.

There will be two exceptions to the caseload redistribution initiative. Dedicated workers will handle foster care cases and cases in which the noncustodial parent resides out of state (known as APO cases), from intake to case closure. A statewide foster care unit will be established in New Castle County, while APO workers will be deployed in each county.

The DACSES programming required to support caseload redistribution is scheduled to be completed by March 2007, therefore the caseload redistribution initiative is scheduled for completion in April.

#### *New DACSES*

Below is summary of plans for the implementation of a child support information system to replace DACSES:

1. The DASCES database conversion project was completed ahead of schedule in February 2006.
2. The contract for the feasibility alternatives and cost/benefit analysis necessary to begin the process to replace DACSES was awarded in February 2006.
3. It should take between 9 and 12 months to complete the feasibility study. One of the deliverables for the study will be a draft RFP for development and implementation of the replacement system.
4. The implementation phase of the DACSES replacement is scheduled to begin during the 2nd quarter of FY 2008.

#### *Anticipated Completion Date*

See above.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-CSE-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-CSE-02  
**Current Year Findings:** None  
**Program:** 93.563 Child Support Enforcement

#### *Condition*

In the prior year, we recommended that DCSE enhance the DACSES computer system to include documentation regarding:

- Documentation of health insurance coverage obtained by the custodial parent
- Confirmation of health insurance available (or unavailable) at a reasonable cost by the noncustodial parent
- Additional enforcement action taken to obtain available reasonable cost health insurance

We further recommended that DCSE replace its outdated DACSES system with a computer system that could better facilitate the establishment of medical support obligations.

Although DCSE is in the process of implementing its corrective action plan, for the year ended June 30, 2005, we were unable to test compliance with this requirement as appropriate documentation of establishment of medical support obligations was not maintained.

#### *Recommendation*

We recommend that DSCE continue to implement its corrective action plan which includes:

- Division of Child Support Enforcement/Division of Social Services interface
- New postcourt DACSES screen
- New DACSES system

#### *Agency Contact*

Guy Perrotti, Deputy Director (302) 326-6201  
Linda Murphy, Senior Administrator for Operations (302) 326-6201

#### *Finding Status*

Not corrected or partially corrected.



## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

#### ***Status***

##### ***DSS Interface***

Work has continued on systems enhancements that will assure that pertinent information regarding the custodial parent's and noncustodial parent's health insurance coverage is transmitted by DCSE to the DSS. The electronic transmission will be effected via an extract file and batch process. DCSE has completed the programming changes necessary for the enhanced interface in DACSES. However, DSS has reported that the changes to DCIS, necessary to implement the interface, have been started.

##### ***Postcourt Screen***

In order to facilitate the entry of important postcourt information into DACSES, a DCSE workgroup developed recommendations for a new DACSES screen that will serve as a single point of entry for such information. Among the information to be entered via the postcourt screen will be data regarding all relevant health insurance coverage. While the postcourt screen would still be a valuable tool, for workers, finding the programming resources to develop and test the screen have proved difficult. Since the data necessary for the medical interface is currently captured in other areas of DACSES, the implementation of the postcourt screen has been postponed at this time in favor of the implementation of the replacement to DACSES.

##### ***New DACSES***

See corrective action plan for 05-CSE-01 above.

##### ***Anticipated Completion Date***

See above.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-CSE-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.563 Child Support Enforcement

#### *Condition*

One out of forty-five expenditures sampled for allowable costs testwork related to legal fees for a multistate action against the federal government relating to the Child Support Enforcement program. The amount of the expenditure was \$9,900. The total amount of the forty-five sampled transactions was \$3,436,390. Total costs for the program were \$14,967,008.

#### *Recommendation*

We recommend that DCSE reclassify the legal fees as a State expenditure.

#### *Agency Contact*

Art Caldwell, Fiscal Unit Manager (302) 326-6024, x231

#### *Finding Status*

Fully corrected.

#### *Status*

A credit for \$9,900 against the Division's federal funding expenditure reimbursement request was submitted on Part 2 – "Prior Quarter Expenditure Adjustments" on Form OCSE-396A "Child Support Enforcement Program Financial Report", for the quarter ended December 31, 2005, in February 2006.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-CSE-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.563 Child Support Enforcement

#### *Condition*

DCSE generally ensures its matching requirement is met on an individual transaction level. Four out of forty-five expenditures sampled for matching testwork included amounts that were 100% allocated to federal funds. The amount overcharged was \$22,199. The total amount of the forty-five sampled transactions was \$3,436,390. Total costs for the program were \$14,967,008.

#### *Recommendation*

We recommend that DCSE reclassify the State portion of these invoices into State appropriations.

#### *Agency Contact*

Art Caldwell, Fiscal Unit Manager (302) 326-6024, x231

#### *Finding Status*

Fully corrected.

#### *Status*

A credit for \$10,840 against the Division's federal funding expenditure reimbursement request was submitted on Part 2 – "Prior Quarter Expenditure Adjustments" on Form OCSE-396A "Child Support Enforcement Program Financial Report", for the quarter ended December 31, 2005, in February 2006. A subsequent updated DTI Postage statement received last spring increased the finding amount by \$11,359 to a total of \$22,199. This additional adjustment for \$11,359 was included on the OCSE-396A Report that was filed for the quarter ended June 30, 2006.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-CSE-05  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-CSE-03, 04-CSE-04  
**Current Year Findings:** 06-CSE-03  
**Program:** 93.563 Child Support Enforcement

#### *Condition*

DACSES has been programmed to electronically acknowledge and track automated inquiries received from other state IV-D agencies that are received via CSENet. These inquiries are then handled similarly to other cases managed through the DACSES system.

However, DCSE continues to receive nonautomated inquiries via U.S. mail that require manual processing.

In the prior year, we recommended that DCSE develop control procedures to ensure that it takes appropriate action regarding incoming interstate cases received via U.S. mail in accordance with federal regulations. DCSE's summary status of prior year findings indicated that a central registry post office box and central registry unit were established as of March 2005. Although we were able to validate that a central registry post office box and a central registry unit have been established, we were unable to audit DCSE's compliance with regulations concerning incoming interstate case inquiries received via U.S. mail because we were unable to obtain a complete population of incoming case information and case review requests.

Additionally, although logs are maintained to record and track processing of relevant correspondence, the underlying correspondence is not maintained centrally so that the timeliness of processing can be ascertained.

#### *Recommendation*

We recommend that DCSE continue to develop its tracking procedures to maintain a complete listing of all incoming interstate case information and case review requests received via U.S. mail, and maintain the underlying documents centrally so that timeliness of the processing of such information can be ascertained.

#### *Agency Contact*

Guy Perrotti, Deputy Director (302) 326-6201  
Linda Murphy, Senior Administrator for Operations (302) 326-6201

#### *Finding Status*

Fully corrected.

#### *Status*

All interstate mail correspondence continue to be processed via the central registry mailbox and staff in the central registry unit. The use of electronic logs to record and track the processing of all relevant correspondence also continues. Staff who initially process and log central registry mail remain separate from staff that ultimately assesses the correspondence for appropriate case action.

Moreover, for completeness and to allow for an assessment of relevant timeliness issues, all initial and subsequent interstate case mail correspondence are maintained by DCSE in the appropriate central case file.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DEM-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 06-DEM-01  
**Current Year Findings:** 04-DEM-03  
**Program:** 16.007, Homeland Security Cluster  
97.004,  
97.042,  
97.067

#### *Condition*

Specific allocations are made from each employee's salary to the grant. Some employees salaries are charged 100% to the grant, while only a portion of other employees' salaries is charged to the grant. There are no personnel activity reports that reflect after-the-fact distributions of the actual activity on the grants charged. No support exists for the salary allocations, and no semiannual certifications were prepared for employees working exclusively on the grant. Total salaries charged to the program were \$746,374. Total expenditures for the program were \$17,438,635.

#### *Recommendation*

DEMA is in the process of implementing the corrective action plan from the prior year audit. We recommend that DEMA continue implementation of its corrective action plan.

#### *Agency Contact*

Robert Harrison (302) 659-2244

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

DEMA is in the process of recoding salaries and OEC's for the period of January through September 2006. This recoding effort will correct differences between programs and actual hours worked and should be accomplished by January 31, 2007. September through December 2006 corrections will be accomplished not later than February 15, 2007. Because the State's new time and labor system implementation has been delayed, we have developed new in-house time sheets that will go into effect the first pay period of 2007 (January 7, 2007 through January 20, 2007). The new timesheets will have the employee record their work hours on a biweekly basis directly to the grant being worked. The time sheet will basically mirror what the Time and Labor Module is supposed to look like at implementation.

#### *Anticipated Completion Date*

February 15, 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DMS-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DMS-01  
**Current Year Findings:** 06-DMS-01  
**Program:** 93.767 State Children's Health Insurance Program  
93.775, Medical Assistance Cluster  
93.777,  
93.778  
  
10.551, Food Stamp Cluster  
10.561  
  
93.558 Temporary Assistance for Needy Families  
93.596 Child Care Cluster

#### *Condition*

The DCIS II system assists with eligibility determination for the Medicaid, TANF, Food Stamps, and SCHIP programs, and the CCMIS system assists with eligibility determination for the Child Care Cluster.

An agreed-upon procedures engagement was conducted for the Office of the Auditor of Accounts which had the following objectives:

- Gain an understanding of the input data editing and completeness controls for the DCIS II and CCMIS systems.
- Determine the adequacy of the system access security controls.
- Determine the adequacy of the program change controls.
- Determine the adequacy of the physical security controls.

Findings and recommendations were identified relating to the following areas as follows:

- **Programmer Access.** Two of the ten tested user IDs assigned to programmers have been assigned update transaction access to the production DCIS II system. Security Best Practices recommend that programmers do not have update access to a Production system.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

#### ***Recommendation***

The report recommend that a full review be performed of the access granted to all 59 programmers to the production DCIS II system and in those cases where the access is defined as update to any of the subsystems that it be changed to inquiry. In addition, the report recommended that if a situation arises whereby a programmer needs to have update access to the Production DCIS II system, procedures are developed to ensure that this access is only given in an emergency, be properly approved in writing by management, and be granted only for a short period of time.

- **User Access.** The testing of 50 users defined with access to the DCIS II system out of approximately 1,500 users, all 28 users with only access to the CCMIS system, and all 15 users with DB2 Inquiry access (total of 93 users) disclosed the following:
  - Of the 50 DCIS II system user IDs tested, six users terminated their employment with the State (two of the users actually terminated their employment in 1999). In addition, for another seven of the user IDs, it could not be determined if they currently work for the State since a record could not be found on the State's personnel system for them.
  - Of the 28 CCMIS system user IDs tested, two users terminated their employment with the State. In addition, for five user IDs, it could not be determined if they currently work for the State since a record for them could not be found on the personnel system.
  - Of the 15 DB2 inquiry users tested, two users terminated their employment with the State (one of the users actually terminated their employment in 1999).

In addition, testing noted several instances where a user terminated his/her employment with the State and their user ID was not deleted from having access to the Production DCIS II system and subsequently the user was rehired by the State and issued a second user ID.

Failure to delete a user's ID on a timely basis when an employee terminates his/her employment allows for the possibility that the user's ID could be used by another user, if the terminated employee made known his/her password. This could result in unauthorized access being gained to the Production DCIS II system, the CCMIS system, and the DB2 inquiry region without any user accountability.

#### ***Recommendation***

The report recommended that the procedures for deleting user IDs from the DCIS II system and the CCMIS system at the time that an employee terminates their employment be enforced by the various State offices by performing thorough reviews of the monthly list of users that is sent to them by the IRM Department. In addition, since this is not being currently done, we recommend that the Department of Social Services, which is responsible for the DCIS II and CCMIS systems, request the IRM Department to provide it with a list each month of the users defined with access to the DB2 inquiry region and that DSS management review this list to determine whether all of the users on the list still require the access to the DB2 region.

- **User Authorization Forms and Non-Disclosure Agreements.** Of the selected sample of the 50 user IDs assigned with access to the Production DCIS II system, all 15 users with DB2 inquiry region access, and all CCMIS system users (total of 93 users), testing disclosed that Biggs Data Center User Authorization and Non-Disclosure Forms could only be found for 85 of the 93 users.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

In addition, testing of the 85 user authorization Forms that are on file noted that 10 of the forms did not have the signature of a Security Administrator approving the user access; 11 of the forms did not explicitly indicate whether DCIS II system, DB2 inquiry region, or CCMIS system access should be assigned to the user; and five of the forms did not indicate the level of access to be granted to the user (i.e., Inquiry or Update).

Security Best Practices recommend that all user access to a Production system be properly approved by a fully completed user authorization form.

#### ***Recommendation***

The report recommended that DSS management require that a completed Biggs Data Center User Authorization and Non-Disclosure Agreement be obtained before it sets up an employee or contractor with access to the DCIS II system, CCMIS system, and the DB2 inquiry region. In the case of regional offices, copies of the forms should be faxed to the DSS Department before the access is granted and these copies be kept on file.

- **Acceptable Use Policy Signed Agreements.** Of the sample of 93 users, the report noted that a signed Acceptable Use Policy Agreement form was not on file for 16 of the users.

State of Delaware procedures require that all users sign an Acceptable Use Policy Agreement thereby agreeing to abide by the established procedures for accessing any State computerized system.

#### ***Recommendation***

The report recommended that, as part of the procedures for granting a user access to the DCIS II system, CCMIS system, and the DB2 inquiry region, management should obtain a signed Acceptable Use Policy Agreement form before the employee or contractor is granted access to the systems.

- **Access to the ChangeMan System.** The report noted that the Department of Technology and Information (DTI) users have full access to the ChangeMan system, which could result in them moving a program into the production environment. Security Best Practices for program change control recommend that updates to the production program libraries only be done by those users specifically authorized to perform this task.

#### ***Recommendation***

The report recommended that the access granted to the DTI users to the various levels within the ChangeMan System be changed to be no more than inquiry unless the access is required to perform a specific function. At the minimum, the access for the DTI users to the approver level should be reduced to inquiry.

#### ***Recommendation***

See above.

#### ***Agency Contact***

Michael Smith (302) 255-9615  
Frank O'Connor (302) 255-9615

#### ***Finding Status***

Not corrected or partially corrected.



**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Status***

The Departments response to the follow up review of an Independent Accountant's Report on Applying Agreed-Upon Procedures has been submitted September 2006.

***Anticipated Completion Date***

March 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DNG-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 03-DNG-02, 04-DNG-01  
**Current Year Findings:** 06-DNG-01  
**Program:** 12.401 National Guard Military Operations and Maintenance Projects

#### *Condition*

We noted in the prior year that the Delaware National Guard had federal grants open dating as far back as fiscal year 1990. While there were no charges being made against the older grants that violated period of availability per the Cooperative Agreement with the Department of Defense, a grant can only be open for a maximum of five years. After this period, a grant must be closed out. For fiscal year 2005, only grants entered into in fiscal year 2001 should remain open.

We recommended in the prior year that the Delaware National Guard review all open grants and close out grants over five years old to ensure they are in accordance with the Cooperative Agreement and the period of availability. Per the agency's Summary Status of Prior Year Findings, this recommendation was not implemented as of June 30, 2005.

#### *Recommendation*

We recommend that the Delaware National Guard continue to implement its corrective action plan.

#### *Agency Contact*

Manual Balseiro, Jr. (302) 326-7160

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

There is no change in the status since last year. No meeting has taken place between the USPFO and the State of Delaware financial community. On January 3, 2006 I received an email from the office of the Auditor of Accounts, which advised that they were going to be working on getting the A/R removed that related to this single audit finding and that they had a question for me. The question was "How were the receivables reported in the GAAP package?" The answer to her question was: FY 2005 GAAP package reflected FY2002 – FY2005 grant data; FY2004 GAAP package reflected FY2002 – FY2004 grant data; FY2003 GAAP package reflected FY2002 – FY2003 grant data. Prior to the FY2003 GAAP package only the current year was reflected in the GAAP package. No other correspondence has been received on this subject. If allowed to work some casual seasonal time after retirement in April I plan to pursue this matter until it is resolved.

#### *Anticipated Completion Date*

Third quarter of state fiscal year 2008.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DNG-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DNG-02  
**Current Year Findings:** 06-DNG-02  
**Program:** 12.401 National Guard Military Operations and Maintenance Projects

#### *Condition*

We noted that the Delaware National Guard does not apportion army operations and maintenance (O&M) employees' salaries and benefits based on facility reimbursement rate and time spent at facility. We recommended in the prior year that the Delaware National Guard implement policies and procedures that allow them to properly apportion O&M salaries and benefits based on facility reimbursement rate and time spend at each facility. However, as per the agency's Summary Status of Prior Year Findings, the corrective action has not yet been implemented as of June 30, 2005.

For the fiscal year ended June 30, 2005, the O&M salaries charged 100% to the cooperative agreement were \$353,404 and O&M salaries charged 75% to the cooperative agreement were \$216,497. Total salary and benefit expenditures under the cooperative agreement were \$3,316,729. Total expenditures under the cooperative agreement were \$6,030,168.

#### *Recommendation*

We recommend that the Delaware National Guard continue to implement its corrective action plan.

#### *Agency Contact*

Manual Balseiro, Jr. (302) 326-7160

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

There has been no progress in resolving this finding. FTE percentages cannot be constantly changed in PHRST in order to try to reflect the allocation of FMO personnel costs. How do we handle the personnel costs of the seven FMO employees that are 100% state funded that perform work on federal facilities? Should these costs also be allocated in the same manner? T&A sheets do not reflect the building status where the FMO worker's perform maintenance and repair duty. Currently an estimate from the worker or supervisor is what would be used to allocate the personnel costs. This is not always reliable. We will continue to work on a realistic and equitable solution to this finding.

#### *Anticipated Completion Date*

December 31, 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DNR-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 11.420 Coastal Zone Management Estuarine Research Reserves

#### *Condition*

The Department of Natural Resources and Environmental Control (DNREC) expended \$623,385 in federal funds during fiscal year 2005 for a construction project for which contactors did not submit certified payroll records to the State. The project was also partially funded with State funds. Total expenditures under CFDA number 11.420 were \$3,463,850.

Although DNREC was aware that the Davis-Bacon Act applied and the contractors were so informed, DNREC did not have policies and procedures in place to require submission of and monitor certified payrolls.

#### *Recommendation*

Because the State DOL, Division of Labor Law Enforcement does not have responsibility for oversight of federal construction projects, we recommend that DNREC develop policies and procedures related to federally funded construction projects that include procedures and assignment of responsibility for monitoring Davis-Bacon Act submissions from contractors at DNREC.

We further recommend that DNREC develop policies and procedures for coordinating with the DOL, Division of Labor Law Enforcement regarding split-funded construction projects to which both State and federal laws and regulations apply.

#### *Agency Contact*

Brian M. Leahy (302) 739-9921

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

Policies and procedures have been written as recommended. DNREC expects to implement the policy during fiscal year 2007.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DOL-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 17.225 Unemployment Insurance

#### *Condition*

We noted that an SF-269 Form submitted for Regular Trade Benefits (2183 Trade [TAA] Benefits [TRA]) reported the cumulative outlays to date as \$870,194, which differed by \$76,556 from the supporting documentation provided by DUS (amount was underreported). Additionally, for the reporting period in question, there was a reconciling difference of \$1,807 between the internal spreadsheets used to prepare the report and Delaware Financial Management System (DFMS) (the State's general ledger), due to lag adjustments. Therefore, we also noted that the amount of cumulative outlays to date as reported in the SF-269 differed from DFMS by \$78,363.

We noted that for this SF-269 Form, DUS uses internal benefit payment spreadsheets in Excel to track the amount of benefits paid during the reporting period. These Excel spreadsheets are then reconciliation to the DFMS on a monthly basis. The spreadsheets are utilized due to a timing lag between when the fiscal unit has to report the benefit expenditures to the federal government, and when they receive the final payment data from the employer contributions operations unit.

We noted that DUS subsequently corrected this error as a result of the cumulative nature of the SF-269 Form submitted for the subsequent quarter.

#### *Recommendation*

We recommend that DUS implement internal controls to ensure that the identification of errors in reporting information occurs prior to submission of the SF-269 Form to the U.S. Department of Labor.

#### *Agency Contact*

Kris Brooks (302) 761-8024

#### *Finding Status*

Fully corrected.

#### *Status*

It is the position of management that the error was a one time occurrence and not a lack of controls in place and notes that the error was corrected in the subsequent quarter's cumulative report.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DOT-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 20.500, Federal Transit Cluster  
20.507

#### *Condition*

The expenditure amounts per the BACIS system and per the PeopleSoft system do not agree for the year ended June 30, 2005. Discrepancies are as follows:

#### **Projects under CFDA Number 20.500**

#### **Projects under CFDA Number 20.500**

		<b>Per DELDOT</b>	
	<b>Per DTC</b>	<b>(SEFA)</b>	<b>Difference</b>
DE 03 0016	\$ 358,343	(3,768)	362,111
DE 03 0020	4,125,584	4,283,483	(157,899)
DE 03 0022	592,725	—	592,725
	<u>5,076,652</u>	<u>4,279,715</u>	<u>796,937</u>

#### **Projects under CFDA Number 20.507**

DE 90 0021	—	146,474	(146,474)
DE 90 0022	1,165,477	3,175,845	(2,010,368)
DE 90 0024	2,674,415	2,674,415	—
DE 90 0025	2,674,414	2,674,414	—
DE 90 0026	2,504,920	—	2,504,920
	<u>9,019,226</u>	<u>8,671,148</u>	<u>348,078</u>
	<u>\$ 14,095,878</u>	<u>12,950,863</u>	<u>1,145,015</u>

These discrepancies carryover into determining whether matching requirements have been met, whether cash drawdowns are appropriate, and whether financial reporting reflects accurate and correct expenditures.

#### *Recommendation*

We recommend that DELDOT and DTC continue to improve the process by which balances per the BACIS system, the federal drawdown system, and balances per the PeopleSoft system are reconciled at the project level on a monthly basis and records of either DELDOT, DTC, or both are adjusted as appropriate to maintain agreement between the systems.

#### *Agency Contact*

Kathy S. English (302) 670-2688

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Finding Status***

Fully corrected.

***Status***

Prior year corrective action plan implemented.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.917 HIV Care Formula Grants

#### ***Condition***

The HIV Formula Grant program has not maintained its overall level of HIV-related expenditures. For 2002 and 2003 (the two most recently completed fiscal years at the time of the application for 2005 funds), the HIV Formula Grant Program estimated that it had expended from all sources \$8,928,680 and \$8,541,300 respectively.

HIV federal formula grant funds expended were \$4,789,621 in State fiscal year 2004 and \$4,142,715 in State fiscal year 2005.

#### ***Recommendation***

We recommend that the HIV Formula Grant Program, in conjunction with the Department of Health and Social Services, Division of Management Services, work with other HIV service – providing agencies throughout the State to obtain accurate expenditure information.

#### ***Agency Contact***

John W. Kennedy (302) 741-2924

#### ***Finding Status***

Fully corrected.

#### ***Status***

DPH now receives the required information from DMMA on Medicaid HIV Waiver client expenditures and on Medicaid expenditures for HIV infected individuals who do not qualify for the AIDS waiver above.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 10.557 Supplemental Nutrition Program for Women, Infants, and Children

#### *Condition*

We selected all employees paid in the pay cycles ended August 7, 2004 and March 5, 2005 (most were paid in both pay periods). There were 59 employees represented for a total of \$117,134 in direct payroll costs. Total payroll costs for the year ended June 30, 2005 were \$1,431,832 in salaries and \$571,284 in related fringe benefits. Total expenditures for the program for the year ended June 30, 2005 were \$15,600,248.

We noted that 18 employees for the March 5 pay cycle and nine employees for the August 7 pay cycle had appropriately completed effort reports. Salaries related to these effort reports were \$34,115. All other employees in the sample had not completed effort reports.

#### *Recommendation*

We recommend that the WIC Program ensure that the appropriate certifications are completed by all employees and retained consistency with audit-related record retention policies.

#### *Agency Contact*

Joanne White (302) 739-4614

#### *Finding Status*

Fully corrected.

#### *Status*

All WIC employee time certifications have included the mandatory certification statements. A file is maintained for these certification statements.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 10.557 Supplemental Nutrition Program for Women, Infants, and Children

#### *Condition*

The WIC Program has procedures in place to review all food instruments (FIs) for redeemed monetary amounts that exceed the maximum monetary purchase amounts and FIs transacted or redeemed after the specified time period. Additionally, the WIC Program has procedures in place to follow up on FIs specifically flagged for further review by vendors or the bank which processes FIs. However, the WIC Program does not review all, or a representative sample of, printed food instruments to specifically address whether they have been physically altered.

#### *Recommendation*

We recommend that the WIC Program develop policies and procedures to address physical review of a representative sample of printed FIs to supplement its computerized reviews of FI data.

#### *Agency Contact*

Joanne White (302) 739-4614

#### *Finding Status*

Fully corrected.

#### *Status*

WIC State agency staff now monitor a representative sample of printed food instruments for physical altering.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 10.557 Supplemental Nutrition Program for Women, Infants, and Children

#### *Condition*

The WIC system assists with eligibility determination for the WIC Program.

An agreed-upon procedures engagement conducted for the Auditor of Accounts Office disclosed the following findings and recommendations related to the WIC system:

- **User Access.** The report noted that user ID, HPHIRMO, is defined with update access to the Production WIC system, but it is not assigned to any specific individual and instead is used by the Information Resource Management (IRM) department's programming staff that supports the WIC system. In addition, the report noted that this user ID has been granted with full "God Powers", which allows it to change specific types of system data over and above what the update access provides (e.g., change vendor information).

#### *Recommendation*

The report recommended that the HPHIRMO user ID be assigned to a specific individual in order to provide for user accountability for any access made to the WIC system. We also recommend that the update access and full "God Powers" be removed from this user ID and replaced by inquiry only access so that the proper separation of duties control is maintained for data updates made to the production WIC system.

- **Terminated User Access.** The report disclosed that, of the 25 users tested, one employee who has not worked for the WIC Program in some time still has access to the production WIC system. In addition, the report indicated that of the 15 users with access to the DB2 inquiry region, which is needed in order to run query programs against the WIC system's database, noted one other employee defined with access that also terminated her employment with the WIC Program some time ago.

#### *Recommendation*

The report recommended that the WIC Program request the IRM Department provide it with a list each month of the users defined with access to the DB2 inquiry region and that WIC Program management review this list to determine whether all of the users on the list still require the access. For the user access to the production WIC system, we recommend that the WIC Program promptly remove any user when he/she terminates employment with the WIC Program or no longer requires access to the production WIC system.

- **User Authorization Forms.** The report indicated that for three of the nine users defined with access to the DB2 inquiry region User Authorization Forms were not on file. Therefore, there is a possibility that these users were never authorized for access to the DB2 inquiry region.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

In addition, the testing of the User Authorization Forms noted that, over the years since 1992, the User Authorization Form has undergone a number of revisions and that many of the users currently defined with access to the production WIC system or the DB2 inquiry region are not explicitly authorized for the access they have as it is not noted on their User Authorization Forms.

#### ***Recommendation***

The report recommend that, as part of the WIC Program performing the new monthly review of the users with access to the DB2 Inquiry Region, WIC Program management determine whether a User Authorization Form is on file for all of the users.

In addition, the report recommended that WIC Program management perform a review of all of the users defined with access to the production WIC system and the DB2 inquiry region and, where necessary, note the approved access on any of the User Authorization Forms that do not indicate the specific level of system access that a user currently has and place their initials next to the access. This will provide a clear indication that the users' access is approved.

#### ***Recommendation***

We recommend that the WIC Program implement the recommendations as detailed above.

#### ***Agency Contact***

Joanne White (302) 739-4614

#### ***Finding Status***

Fully corrected.

#### ***Status***

A corrective action plan was included in the previous report and was initiated.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-05  
**Fiscal Year:** 2005  
**Related Prior Findings:** 03-DPH-02, 04-DPH-04  
**Current Year Findings:** 06-DPH-07  
**Program:** 93.283 Centers for Disease Control and Prevention,  
Investigation, and Technology Grants

#### *Condition*

The CDC Grant program (CFDA number 93.283) is comprised of many different grants, each of which has unique compliance requirements.

Because CDC Grant employees are generally funded 100% with federal funds, in the prior year we recommended that the CDC Grant program begin requiring employees to certify that they worked 100% on CDC Grant program activities, at least semiannually. Total salaries and fringe benefit costs charged to the CDC Grant program for the year ended June 30, 2005 were \$2,361,815. Total expenditures for the year ended June 30, 2005 were \$10,296,153.

We selected the following federal grants within the CDC Grant program for testwork:

- Cancer screening and prevention
- Bioterrorism
- Public health surveillance

The public health surveillance grant was not used to fund salary costs.

The Screening for Life section, which is responsible for cancer screening and prevention grants, did not implement our prior year recommendations in the current year.

The Division of Public Health Preparedness Section, which is responsible for the bioterrorism portion of the CDC Grant program, implemented a semiannual certification process in the current year. The certification statement reads as follows:

“In accordance with the requirements described above and as set forth in OMB Circular A-87, Attachment B...I certify that during the period \_\_\_\_\_ to \_\_\_\_\_, I attest that each of the following employees that I directly supervise devoted all of their 37.5 hour work week to activities and duties directly relating to the State of Delaware’s Public Health Preparedness Program. If the employee commenced and/or ended employment during the six-month certification period, a starting and/or ending date of employment is indicated.”

However, the State of Delaware’s Public Health Preparedness Program consists of multiple federal and state funding streams which require separate cost tracking and reporting and therefore is not specific enough to meet the requirements of OMB Circular A-87, Attachment B.8.h.3.

#### *Recommendation*

We recommend that the semiannual certifications be revised to further classify employees as to single federal award or cost objective within the State of Delaware Public Health Preparedness Program.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

We further recommend that, if it is determined that an employee cannot be classified within a single federal award or cost objective, that personnel activity reports be prepared consistent with OMB Circular A-87, Attachment B.8.h.4 and 8.h.5).

#### ***Agency Contact***

Deborah Clendaniel (302) 744-4706

#### ***Finding Status***

Not corrected or partially corrected.

#### ***Status***

CANCER – Program will insert on the next quarterly timekeeper audit forms (in January 2007 for the Nov-Oct-Dec 2006 quarter) for each employee in Comprehensive Cancer Control Program and Screening for Life the following statement: “I certify that 100% of the attached time audit was spent on Cancer activities.” All employees will be required to initial statement.

LAB/EPI – The laboratory portions of the BT and Epi/Lab grants the certification statement recommendation has been fully met. The name of the appropriate grant and the individual are put in the blanks before signature.

BIOTERRORISM – The Public Health Preparedness Section modified the semiannual certifications so that each position reflects the percentage of time that is being charged against the grant. Each individual under the grant is expected to sign a statement certifying that they worked the percentage identified within the statement for the Public Health Preparedness Program. Each person’s supervisor is then also responsible for signing a similar statement that certifies that they supervised the individual(s) listed on the form, and that they worked a specific percentage of time on the grant during the specified period.

#### ***Anticipated Completion Date***

CANCER – January 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-06  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DPH-06  
**Current Year Findings:** 06-DPH-08  
**Program:** 93.283 Centers for Disease Control and Prevention,  
Investigation, and Technology Grants

#### *Condition*

We noted that, in order to ensure provider claims are accurately paid, significant manual manipulation of the Screening for Life (SFL) database is required, including:

- Reviewing the data for duplicate claims and suppressing payment on duplicates as appropriate
- Reviewing and changing as appropriate State appropriation codes and fiscal years
- Reviewing suspended items for propriety and changing status as appropriate
- Reviewing claims denied for propriety and changing status as appropriate

We also noted that:

- There is no up-to-date system documentation including support of changes that have been made to the system since inception, which may result in difficulties in updating the SFL system for programmatic changes.
- The system is based on Access 97, which is an application that is no longer supported by Microsoft. This may result in difficulties in updating the SFL system for programmatic changes.
- Test and production databases are on the same server, which may result in data being erroneously changed.
- The system does not include all MDE's mandated by the grantor, which may result in difficulty providing adequate screening data to the grantor agency.
- Physical and logical security surrounding the SFL system contain weaknesses, such as the ability of users to potentially bypass the data entry screens and manipulate underlying data, that may result in data being changed without the knowledge of program personnel.

Total claims paid for the year ended June 30, 2005 were \$613,894. This amount impacts other financially-related compliance requirements, including matching, maintenance of effort, period of availability, and financial reporting. Total expenditures for CFDA number 93.283 were \$10,926,153.

#### *Recommendation*

We recommend that the SFL Program continue to implement its corrective action plan, which includes a proposal to enhance the Department of Health and Social Services (DHSS) Medicaid Management Information System (MMIS) to include Screening for Life cancer screening program.

#### *Agency Contact*

Carmen Herrera (302) 741-8600

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Finding Status***

Not corrected or partially corrected.

***Status***

SFL, IMS, and IRM are currently working together on a Cancer Screening Information System RFP template.

***Anticipated Completion Date***

June 2007



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-07  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DPH-07  
**Current Year Findings:** None  
**Program:** 93.283 Centers for Disease Control and Prevention,  
Investigation, and Technology Grants

#### *Condition*

For the State's Screening for Life program, data items related to the monitoring of clinical outcomes are collected on paper-based screening forms before entry into the SFL computer system. Submission of such forms is required in order for a claim to be paid; however we noted in the prior year that claims were being paid without appropriate forms in some instances.

In the prior year, we also noted that the SFL program was paying a tracking fee of up to \$20 per claim even when forms were not appropriately completed by providers. We noted that the program intended to offer the tracking fee as an incentive for providers to complete screening forms, but that the tracking fee was being paid regardless of the status of the forms.

As reported in the Summary Status of Prior Year Findings, the condition noted in fiscal year 2004 continued to exist in the period under audit.

#### *Recommendation*

We recommend that the SFL Program continue to implement its corrective action plan.

#### *Agency Contact*

Carmen Herrera (302) 741-8600

#### *Finding Status*

Fully corrected.

#### *Status*

1. Screening form requirement instituted June 1, 2005.
2. Tracking fees discontinued May 1, 2006.
3. Screening data collection project completed June 1, 2006.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-08  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.283 Centers for Disease Control and Prevention,  
Investigation, and Technology Grants

#### *Condition*

Although the contract for this project was competitively bid in accordance with State policy, the CDC Grant Program executed a contract with the construction company that:

- was not in the DHSS standard format and was executed by an individual who did not have the authority to execute the contract in accordance with State and DHSS policy.
- did not include the standard suspension and debarment certification language, and did not check suspension and debarment against the federal suspension and debarment listing.

Additionally, the CDC grant program:

- did not require certified payrolls from the contractor and did not perform monitoring procedures related to the Davis-Bacon Act.
- did not record the construction in progress as an asset in accordance with the State's Fixed Asset Manual.

We did note, however, that:

- the contract was competitively bid in accordance with State policy.
- the contractor was not suspended or debarred based on a review of the excluded parties list system.
- the contractor was notified by the State of appropriate wage rates.

#### *Recommendation*

We recommend that, because of the ambiguities in Statewide policies concerning federally funded projects, the Division of Public Health work in conjunction with the Department of Health and Social Services, Division of Management Services, to develop protocols for dealing with future federally funded projects.

#### *Agency Contact*

William Ingram, Michael Bundek, and Wendy Brown (302) 744-4706

#### *Finding Status*

Fully corrected.

#### *Status*

From the contracts perspective, the findings have been fully corrected as of February 1, 2006. Procedures to record construction in progress on the fixed asset system have been developed.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-09  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.283 Centers for Disease Control and Prevention,  
Investigation, and Technology Grants

#### *Condition*

For three out of 30 transactions selected for testwork, we noted that there was no evidence of approval of the transaction by the buying agency (the Division of Public Health, CDC Grant Program). All three transactions related to a single IV for SuperCard reimbursement for numerous SuperCard transactions to the Division of Accounting in the amount of \$16,708. The total dollar value of the 30 transactions was \$427,587.

Total intergovernmental vouchers processed by the program for the year ended June 30, 2005 totaled \$599,754. Total expenditures for the program were \$10,922,203.

#### *Recommendation*

We recommend that the Division of Public Health implement policies and procedures to ensure that SuperCard reimbursement intergovernmental vouchers are appropriately approved in accordance with State and agency policy.

#### *Agency Contact*

Iwana Smith (302) 744-4912

#### *Finding Status*

Fully corrected.

#### *Status*

The fiscal staff of DPH now ensure that all IVs are signed by authorized DPH personnel.

**STATE OF DELAWARE**

Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-10  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.268 Immunization Grants

***Condition***

We selected all employees paid in the pay cycles ended August 7, 2004 and March 5, 2005 (most were paid in both pay periods). There were 19 employees represented for a total of \$39,796 in direct payroll costs. Total payroll costs for the year ended June 30, 2005 were \$521,785 in salaries and \$250,511 in related fringe benefits.

We noted that no employees for the March 5 or August 7 pay cycle had appropriately completed effort reports.

***Recommendation***

We recommend that the Immunization Grants Program ensure that the appropriate certifications are completed by all employees and retained consistent with audit-related record retention policies.

***Agency Contact***

Robert S. Jackson, M.D. (302) 741-2921

***Finding Status***

Fully corrected.

***Status***

All immunization grant employees will now complete the certification leave reports.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DPH-11  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.268 Immunization Grants

#### *Condition*

The annual FSR completed for award H23/CCH322567-02-4 for the year ending December 31, 2004, submitted August 22, 2005, included expenditures and unliquidated obligations through August 19, 2005 rather than through December 31, 2004.

#### *Recommendation*

We recommend that the program's policies and procedures be amended to ensure that cutoff for financial reporting purposes is proper.

#### *Agency Contact*

Robert S. Jackson, M.D. (302) 741-2921

#### *Finding Status*

Fully corrected.

#### *Status*

Procedures were developed to ensure the use of proper cutoff periods for the financial reports.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DSS-01  
**Current Year Findings:** 06-DMMA-03  
**Program:** 93.775, Medical Assistance Cluster  
93.777,  
93.778

#### *Condition*

We recommended in the prior year that DSS develop policies and procedures regarding the refund of provider overpayments collected via check to ensure that such amounts are appropriately refunded within 60 days of identification of the overpayment.

For 18 of the 30 Medicaid Credit Balance Reports selected, the State and its third-party claims servicer could not determine whether the overpayment was actually refunded to the Medicaid Program, although 15 out of the 18 overpayments were repaid by providers to the State via check within the 60 day timeframe. Amounts collected but not refunded for these 18 items were \$80,514, including both the State and Federal portion of the claims.

#### *Recommendation*

We continue to recommend that DSS develop policies and procedure regarding the refund of provider overpayments collected via check to ensure that such amounts are appropriately refunded within 60 days of identification of the overpayment.

#### *Agency Contact*

Frank Long/Jeanne Skinner (302) 255-9624

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

Written procedures for reconciling the outstanding Medicaid accounts receivables have been developed and in addition a change control has been established to allow for tracing checks.

#### *Anticipated Completion Date*

Spring of 2007.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.767 State Children's Health Insurance Program

#### ***Condition***

We recommended in the prior year that DSS develop system edits for its eligibility determination system (DCIS II) to prevent alien eligibility errors.

Using computer assisted audit techniques, we obtained a listing of all participants listed in DCIS II as eligible as of June 30, 2005 who were either qualified aliens who have not been in the United States at least five years or were legally residing nonqualified aliens.

We selected five of 40 potential qualified alien exceptions for further review, and noted one instance in which a case was opened in error for a child who has not been in the United States for at least five years.

#### ***Recommendation***

We recommend that DSS review the remaining potential qualified alien exceptions to determine whether any claims were erroneously paid for ineligible participants, and if errors in programming logic are discovered as a result of this review to address such errors.

#### ***Agency Contact***

Barbara Hanson (302) 255-9580

#### ***Finding Status***

Fully corrected.

#### ***Status***

The Division reviewed the 40 qualified alien cases and found that three clients in two cases were not eligible and were open in the MMIS. Five incorrect managed care claims were paid for a total of \$445.00. These clients were opened incorrectly in the Delaware Healthy Children's Program (SCHIP). A PCR to correct the problem in DCIS II has been completed.

#### ***Anticipated Completion Date***

Completed April 24, 2006.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** 03-DSS-07, 04-DSS-06  
**Current Year Findings:** None  
**Program:** 93.767 State Children's Health Insurance Program

#### *Condition*

We recommended in the prior year that DSS develop DCIS II system edits to automatically terminate DHCP benefits in accordance with State policy.

Using computer assisted audit techniques, we obtained a listing of all participants listed in the State's eligibility system (DCIS II) as eligible during the year ended June 30, 2005 whose 19th birthday had passed. We selected five of 101 potential exceptions for further review. We noted one of the five cases in which the participant turned 19 on October 25, 2004 and remained eligible through November 30, 2004. However, no claims were processed for this case during this time frame.

#### *Recommendation*

Although the system edit was implemented in September 2005, during the year ended June 30, 2005 there was still the potential for cases not automatically terminated on the last day of the month of the participant's 19th birthday. We recommend that DSS review the remaining potential exceptions above to determine whether any claims were erroneously paid for individuals who were no longer eligible.

#### *Agency Contact*

Barbara Hanson (302) 255-9580

#### *Finding Status*

Fully corrected.

#### *Status*

The Division reviewed the remaining 96 potential exceptions above to determine whether any claims were erroneously paid for individuals who were no longer eligible. There were no erroneously paid claims.

#### *Anticipated Completion Date*

Completed February 23, 2006.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.767 State Children's Health Insurance Program  
93.775, Medical Assistance Cluster  
93.777,  
93.778  
93.558 Temporary Assistance for Needy Families

#### *Condition*

In the prior year, we recommended that DSS's policies and procedures concerning the update of key dates and other fields within its eligibility determination systems be reviewed to determine whether and to what extent such updates can be automated or edit checked so that they conform to information used in case management and either maintained in the case file or documented in case remarks.

Using computer assisted audit techniques, we selected cases for review from information in the State's eligibility system for Medicaid, TANF, and SCHIP (DCIS II) based on specific criteria (such as cases that appeared to have participants who were not Delaware residents.) Throughout our testwork, we noted instances in which key eligibility data maintained in the DCIS II system did not agree with the information that was in the participant's manual case file. In addition key dates (i.e. redetermination dates) found in "Case Remarks" screens (text fields), did not match the corresponding data screen in which these dates should be updated by the caseworker. However, in all cases, we noted that the manual case file information validated the eligibility of the program participant although this information was not reflected in DCIS II.

Specifically, we noted the following inconsistencies between DCIS II and manual records:

- Out of 30 Medicaid cases reviewed, four cases did not have a valid social security number identified in the DCIS II system although a social security number was present in the manual case records; one additional case did not have a valid social security number documented in either the DCIS II system or the paper case file, although the participant did have a valid social security number upon review.
- Out of 30 Medicaid cases reviewed, one case history had been erroneously changed to indicate an incorrect entry date for an alien.
- Out of 41 TANF cases reviewed, an individual's birthdate was erroneously entered into DCIS II.
- Out of 41 TANF cases reviewed, in one case DCIS II did not include appropriate indications of remediation of noncooperation with child support enforcement for an individual who was receiving benefits.

#### *Recommendation*

We recommend that DSS determine whether it is cost beneficial to further address inconsistencies between DCIS II and supporting documentation.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Agency Contact***

Barbara Hanson            (302) 255-9580

***Finding Status***

Fully corrected.

***Status***

As a result of our cost benefit analysis we determined it is not prudent to spend staff time to correct small errors, omissions, or inconsistencies between documentation in case file and in DCIS, that have no effect on the accuracy of benefits. Staff continue to make corrections at every scheduled interview, when staff touch a case such as a transfer to another location, discover an error, or whenever a DSS analyst finds a problem and identifies specific cases for correction.

***Anticipated Completion Date***

Completed March 21, 2006.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-05  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 10.551, Food Stamp Cluster  
10.561

#### *Condition*

We visited three of the eight sites issuing EBT cards to review controls surrounding security over EBT cards. We noted that there were instances across all sites visited in which multiple individuals used the same user ID at the terminal used to issue EBT cards.

#### *Recommendation*

We recommend that the unique user ID that is assigned to each individual responsible for issuing EBT cards be used.

#### *Agency Contact*

Melody Lasana (302) 255-9235

#### *Finding Status*

Fully corrected.

#### *Status*

The Division of State Service Center Regional Administrators were notified that multiple individuals were using the same IDs and of the required compliance with the Departments Policy Memorandum Number 3 which states employees are not permitted access to another employee's computer. In addition, the rollout of webADMIN (the current application software) in June 2006 has a timeout feature which automatically logs off inactive system users.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DSS-06  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** 06-DSS-02  
**Program:** 10.551, Food Stamp Cluster  
10.561

#### *Condition*

We noted in the prior year that although the State appears to meet the requirements outlined in the Criteria Section above, we noted that the DCIS II system and user documentation related to the Food Stamps Cluster has not been updated for at least two thousand system changes that have been implemented since system inception. We recommended that the system and user documentation for the DCIS II system be updated to reflect current operations and be consistently updated in a timely manner for future changes.

#### *Recommendation*

We continue to recommend that the system and user documentation for the DCIS II system be updated to reflect current operations and be updated in a timely manner for future changes.

#### *Agency Contact*

Frank O' Connor (302) 255-9615

#### *Finding Status*

Fully corrected.

#### *Status*

DCIS II programmers continue to document changes to DCIS II thru our Project Management Tracking System (PMTS) as well as within the actual programs that are changed. In PMTS, we write a Problem Change Request (PCR) to describe the needed change, as well as the resolution. We also can track the progress of a change – when the request is written, when it is programmed, tested, user tested, and moved to production. In the DCIS II programs, each PCR is documented at the beginning of the program, with the PCR #, the date of the change, and a brief description of the change. This allows programmers to go back to PMTS for details if necessary.

As a part of the initial DCIS II implementation, Business Logic diagrams and Database design documents were created. These were created solely to support the implementation of DCIS II. We never planned to maintain these as ongoing system documents and currently do not have the staff available to do so.

#### *Anticipated Completion Date*

Not applicable.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DTC-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.007, Student Financial Assistance Cluster  
84.032,  
84.033,  
84.038,  
84.063

#### *Condition*

For one out of 30 Pell recipients selected for the Wilmington/Stanton campus (and out of 90 Pell recipients selected across the three Del Tech campuses), both the fall and spring Pell disbursements were not reported within the 30-day time frame.

#### *Recommendation*

We recommend that the Wilmington/Stanton campus reinforce its policies and procedures to ensure that Pell disbursement records are submitted to the Department of Education within the required 30 calendar days.

#### *Agency Contact*

Debra McCain (302) 571-5321

#### *Finding Status*

Fully corrected.

#### *Status*

Finding has been fully corrected.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DTC-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.007, Student Financial Assistance Cluster  
84.032,  
84.033,  
84.038,  
84.063

#### *Condition*

We recommended in the prior year that the campus enhance policies and procedures to identify students who withdrew before the 60% point of the semester and that the Wilmington/Stanton campus train all personnel to perform Return to Title IV calculations. Although the campus implemented corrective action as per its Summary Status of Prior Year findings, errors remain in the process.

We selected a sample of 45 students who withdrew from the Wilmington/Stanton campus and noted the following exceptions:

1. The College credited a student's account with a post withdrawal disbursement prior to the student accepting the award, which consisted of \$1,013 in Pell funds and \$87.13 in FSEOG funds). In addition the student accepted the disbursement subsequent to the 14-day deadline outlined by the campus.
2. For one of the 45 students selected, the College did not disburse funds although the student withdrew after the 60% point of the semester, entitling him to 100% of his aid that was authorized. This student should have been disbursed \$1,195 in Pell funds and \$100 in FSEOG funds.
3. For one of the 45 students selected, the College did not perform a Return to Title IV calculation within 30 days of when the College became aware that the student withdrew. Approximately three months had passed.

#### *Recommendation*

We recommend that the campus enhance current policies and procedures to ensure that postwithdrawal disbursements are appropriately managed, Title IV aid is returned within federally established time frames, and that student aid is appropriately disbursed to students who have withdrawn from the campus.

#### *Agency Contact*

Debra McCain (302) 571-5321

#### *Finding Status*

Fully corrected.

#### *Status*

Finding has been fully corrected.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DTC-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.007, Student Financial Assistance Cluster  
84.032,  
84.033,  
84.038,  
84.063

#### *Condition*

Out of a sample of 45 federal student financial aid recipients who withdrew from the Owens campus, we noted the following exceptions:

1. One student's Return to Title IV calculation utilized the correct award amounts; however, the student's Pell award in the College's Student Financial Aid system (BANNER) was incorrect. This student was not eligible to receive Pell based on the EFC and enrollment status (less than half time); however, due to a manual error, the student's enrollment in BANNER was charged to full time and the student received \$350 in Pell. The full amount of \$350 should have been returned to the federal Department of Education.
2. One student's withdrawal date listed on the Return to Title IV calculation was incorrect. The correct date that should have been utilized in the calculation was February 4, 2005. The calculation was reperformed using the correct date, which resulted in the student's earned aid to increase by approximately \$19.

#### *Recommendation*

Due to the fact that Return to Title IV calculations are performed manually, we recommend that the campus develop policies and procedures to ensure that such calculations are reviewed in a timely manner to reduce the rate of human error.

#### *Agency Contact*

Veronica Oney (302) 855-1667

#### *Finding Status*

Fully corrected.

#### *Status*

Finding has been fully corrected.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DTC-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.007, Student Financial Assistance Cluster  
84.032,  
84.033,  
84.038,  
84.063

#### *Condition*

For a sample of 30 students who were selected for verification by the Wilmington-Stanton campus (and 90 students who were selected for verification across all three campuses), we noted one instance of the amount of earned income credit reported on the parents' 2003 tax return not being included in the student's institutional student information record (ISIR). This error was not detected during the verification process.

#### *Recommendation*

We recommend that the error noted be corrected in the student's ISIR.

#### *Agency Contact*

Debra McCain (302) 571-5321

#### *Finding Status*

Fully corrected.

#### *Status*

Finding has been fully corrected.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-DTC-05  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-DTC-09  
**Current Year Findings:** None  
**Program:** 84.007, Student Financial Assistance Cluster  
84.032,  
84.033,  
84.038,  
84.063

#### *Condition*

In the prior year, the State of Delaware Office of Auditor of Accounts engaged a third party to perform a general controls review of the Banner Application, which supports the Student Financial Assistance Cluster at Delaware Technical and Community College.

Findings identified in the report include weaknesses related to the following:

- **Policies and Procedures are not Formalized (Documented).** The College maintains general policies and procedures for the information technology department; however, detailed operating procedures are not documented. Documented procedures can help maintain continuity of operations in the event of turnover of key support personnel.
- **Backup and Recovery.** The College does not have a written plan for disaster recovery. Additionally, the College has not identified an alternate processing site for the Banner Application that can be used in the event that the datacenter at the Terry campus should become unavailable.
- **User Account Administration.** Individuals had access to Banner who were no longer employed by the College, and some access levels that did not match current job responsibilities. Periodic access reviews are not performed to ensure that access to Banner remains appropriate over time.
- **High Access Levels.** There are an excessive number of Banner System Administrators. This function should be limited to the individuals who perform administration duties.
- **User Authentication Procedures.** Passwords are not required to change at the Banner or Unix level. There are no password complexity requirements.
- **Change Control.** The process for applying patches to Banner appears to be a sound process; however, the process for tracking Banner problems could be improved and the procedures for applying patches or upgrades to Unix have not been documented.

Delaware Technical and Community College is currently in the process of implementing its corrective action plan. The conditions noted in this report still exist as of June 30, 2005.

#### *Recommendation*

We recommend that Delaware Technical and Community College continue to implement the recommendations as detailed in the above-referenced report.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Agency Contact***

Peter Shoudy, Chief Technology Officer                      (302) 857-1739

***Finding Status***

Not corrected or partially corrected.

***Status***

Partially corrected – The following findings remain:

- **Policies and Procedures are not Formalized (Documented).** The College maintains general policies and procedures for the information technology department; however, detailed operating procedures are not documented. Documented procedures can help maintain continuity of operations in the event of turnover of key support personnel.
- **Backup and Recovery.** The College does not have a written plan for disaster recovery. Additionally, the College has not identified an alternative processing site for the Banner Application that can be used in the event that the datacenter at the Terry campus should become unavailable.
- **Change Control.** The process for applying patches to Banner appears to be a sound process; however, the process for tracking Banner problems could be improved and the procedures for applying patches or upgrades to Unix have not been documented.

***Anticipated Completion Date***

Each of these areas has been partially addressed and will continue to be addressed in the near and long term as well and updates will be provided as that is done.

**STATE OF DELAWARE**

Summary Status of Prior Year Findings

June 30, 2006

<b>Finding Number:</b>	<b>05-DTI-01</b>		
<b>Fiscal Year:</b>	<b>2005</b>		
<b>Related Prior Findings:</b>	<b>04-DTI-01</b>		
<b>Current Year Findings:</b>	<b>06-DTI-01</b>		
<b>Program:</b>	<b>10.551,</b>	<b>Food Stamp Cluster</b>	<b>Eligibility</b>
	<b>10.561</b>		
	<b>10.557</b>	<b>Supplemental Nutrition Program for Women, Infants, and Children</b>	<b>Eligibility</b>
	<b>17.225</b>	<b>Unemployment Insurance</b>	<b>Eligibility</b>
	<b>17.258,</b>	<b>Workforce Investment Act</b>	<b>Eligibility</b>
	<b>17.260</b>		
	<b>20.500,</b>	<b>Federal Transit Cluster</b>	<b>Reporting</b>
	<b>20.507</b>		
	<b>20.205</b>	<b>Highway Planning and Construction Cluster</b>	<b>Reporting</b>
	<b>93.558</b>	<b>Temporary Assistance for Needy Families</b>	<b>Eligibility</b>
	<b>93.563</b>	<b>Child Support Enforcement</b>	<b>Eligibility</b>
	<b>93.596</b>	<b>Child Care Cluster</b>	<b>Eligibility</b>
	<b>93.767</b>	<b>State Children's Health Insurance Program</b>	<b>Eligibility</b>
	<b>93.775,</b>	<b>Medical Assistance Cluster</b>	<b>Eligibility</b>
	<b>93.777,</b>		
	<b>93,778</b>		

***Condition***

The State of Delaware Office of the Auditor of Accounts issued in the prior year a report which contained reportable conditions related to the information technology general controls surrounding the State's eligibility determination systems housed in the Biggs Data Center, including the DCIS II system (Medicaid, TANF, Food Stamps), the CCMIS system (Child Care), the WIC system (WIC Program), and the DACSES system (Child Support Enforcement). Additionally, the report contains reportable conditions related to the information technology general controls surrounding the State's Unemployment system and Department of Transportation systems, which are housed in the William Penn Data Center. The Biggs Data Center and William Penn Data Center are maintained by the Department of Technology and Information (DTI).

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

Findings identified in the report, entitled State of Delaware Office of the Auditor of Accounts, Department of Technology and Information, Biggs and William Penn Data Center General Controls Follow-Up, include weaknesses related to the following for the Biggs Data Center:

- Data security and classification
- User account management
- Data file access and security administration
- File transmissions
- Business resumption
- Physical security and environmental controls
- Program change control
- Tape back up

Additionally, the following weaknesses were identified for the William Penn Data Center:

- Operating system and application development
- Data file access and security administration
- Change control
- Physical security
- Disaster recovery planning and backup procedures

We recommended in the prior year that the Department of Technology and Information implement the recommendations as detailed in the above-referenced report. As per the Summary Status of Prior Year findings, remediation efforts are ongoing but have not yet been completed as of June 30, 2005.

#### ***Recommendation***

We continue to recommend that the Department of Information and Technology implement its corrective action plan.

#### ***Agency Contact***

Tom Jarret, Secretary (302) 739-9628

#### ***Finding Status***

Not corrected or partially corrected.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

#### ***Status***

Corrective actions have been taken to address all prior year recommendations. Auditors from the Office of Auditor of Accounts were on site in both March and September of this year to follow up on the status. They expressed satisfaction that the recommendations had been complied with. A final report is scheduled to be issued by September 15, 2006.

#### ***Anticipated Completion Date***

See Status above.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-ED-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-ED-03  
**Current Year Findings:** None  
**Program:** 10.558 Child and Adult Care Food Program

#### ***Condition***

The State Department of Education (DOE) did not have formal policies and procedures in place to monitor OMB Circular A-133 reporting for its 95 subrecipients under this program. There was no evidence that a confirmation was obtained for subgrantees that were not required to have an audit. For three subgrantees that had each received more than \$500,000 directly from DOE, there was no confirmation or follow-up on OMB Circular A-133 reporting. However, DOE does continue to monitor its subrecipients on an ongoing basis in accordance with the record-keeping requirements of 7 CFR Section 226.15(e), which requires that each subrecipient shall establish procedures to collect and maintain all program records required by 7 CFR 226. The total amount of expenditures passed through to subrecipients was \$9,366,303 for the year ended June 30, 2005.

Additionally, based on our review of subrecipient applications, we noted that none of the applications included their outside employment policy as required by 7 CFR 226.6. However, the DOE does continue to monitor its subrecipients on an ongoing basis in accordance with the record-keeping requirements of 7 CFR Section 226.15(e), which requires that each subrecipient shall establish procedures to collect and maintain all program records required by 7 CFR 226. The total amount of expenditures passed through to subrecipients was \$9,366,303 for the year ended June 30, 2005.

#### ***Recommendation***

We recommend that DOE implement formal policies and procedures to ensure that subrecipient audit reports are obtained on a timely basis, and that appropriate follow-up is taken on findings, where applicable. We further recommend that the Department also ensure that it obtains confirmation from its subrecipients that they are not required to have an OMB Circular A-133 audit, if applicable.

We further recommend that DOE revise its applications to ensure that outside employment policies are properly included in the application process so eligibility is properly evaluated and determined.

#### ***Agency Contact***

Beth Wetherbee (302) 735-4060

#### ***Finding Status***

Fully corrected.

#### ***Status***

Formal policies and procedures were put into practice effective with FY 06 application process. Letter sent to all program participants indicating changes and requested information.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

**Finding Number:** 05-ED-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 10.553, Child Nutrition Cluster  
10.555,  
10.556,  
10.559

***Condition***

We noted that the SF-269 Form for the Child Nutrition Cluster reported the total federal funds authorized for the funding period as \$15,891,038, which differed by \$375,146 from the estimated receipts amount reported in the Delaware Financial Management System (DFMS), the State's accounting system (amount was underreported).

***Recommendation***

We recommend that DOE submit an amended SF-269 Form to the U.S. Department of Agriculture to correct the error.

***Agency Contact***

Scott Kessel (302) 735-4055

***Finding Status***

Fully corrected.

***Status***

DOE submitted a revised SF-269 Form to USDA.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-ED-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** 06-ED-01  
**Program:** 84.287 21st Century Community Learning Centers

#### *Condition*

DOE did not follow its internal policies and procedures established to monitor the activities of its subrecipients under this program, as evidenced by the following:

- For the program's five subrecipients, there was no evidence that the required site visits had been performed by DOE.
- For the program's five subrecipients, DOE had not received any of the required annual expenditure reports or outcome-based data from the subrecipients.
- For one of the program's five subrecipients, DOE had disbursed federal funds to the subrecipient without having gone through a reapplication process, including review and approval by the program manager.

The total amount of expenditures passed through to subrecipients was \$1,726,588 for the year ended June 30, 2005. Total expenditures for the program as a whole were \$3,584,733.

#### *Recommendation*

We recommend that DOE reinforce its policies and procedures to ensure that subrecipient activities are monitored on a timely basis, and that the monitoring visits are documented and reviewed by a supervising official. We further recommend that DOE ensures that the required financial reporting and outcome-based data are collected from the subrecipients and reviewed on an annual basis.

#### *Agency Contact*

Theresa Vondrzyk Kough (302) 735-4268

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

DOE has subcontract in place for site monitoring. Each site was visited twice in the 2005-2006 fiscal year and three times if operating a summer program. DOE instituted procedures for the monitoring and receipt of financial reporting documents.

#### *Anticipated Completion Date*

As we are in the process of preparing for the new RFP 07 funding period, we will implement the recommendations into our planned procedures. The anticipated completed date would be April 2007.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-ED-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** 06-ED-02  
**Program:** 84.010 Title I

#### 84.048 Vocational Education

84.027, Special Education Cluster  
84.173

#### *Condition*

The State Department of Education (DOE) provides centralized statewide data management for public education.

The State's Office of the Auditor of Accounts originally performed procedures relating to the general and application controls surrounding the eSchoolPlus computer system, which is used for student accounting at the school district and Department of Education levels, for the period February 19, 2004 through March 31, 2004 (Department of Education, General Information System Controls for the eSchoolPlus Processing Environment Follow-up). The follow-up report noted that five of the twenty-one findings had been implemented, six had been partially implemented, and ten had yet to be addressed by DOE.

Remaining deficiencies in general and application controls surrounding the eSchoolPlus system include deficiencies related to:

- Physical access and security
- Change management
- Monitoring
- Logical security administration and access controls
- Disaster recovery plan and backup policies and procedures

Additionally, DOE was unable to provide the Vocational-Technical Education Enrollment Report for Cape Henlopen School District. These reports are gathered and used by DOE to compile the total amounts reported in the Consolidated Annual Performance, Accountability, and Financial Status Report (CAR).

#### *Recommendation*

We recommend that DOE implement corrective actions as contemplated in their response to the Office of the Auditor of Accounts' reports to reasonably ensure integrity of the eSchoolPlus system.

#### *Agency Contact*

Pat Dunn (302) 739-4583

#### *Finding Status*

Not corrected or partially corrected.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

#### ***Status***

I have copied a Section from the most recent audit that was performed on the eSchoolPlus application (see attached). It states in its objectives that the audit team was going to look at the findings from previous audits to see if we've complied with them. It then goes on to present its findings, which consisted of only three weaknesses. We interpreted this to mean that the previous findings had been addressed to the satisfaction of this audit team.

Finding #1: The Technology Management and Design work group's database security specialist developed a policy for the Department. This policy was shared with district and charter school pupil accounting coordinators at their November, 2005 coordinators' meeting. They were encouraged to adopt similar procedures/policies for their local agency. TMD staff now review user accounts periodically and disabled accounts are deleted.

Finding #2: Sungard Pentamation Inc. (Sungard) has added logging capabilities to the ESP application in its version 1.6 of the software. The scheduled release date was originally planned for June, 2006 but it has been delayed until November, 2006. This utility will monitor database events and transactions performed against database records.

Finding #3: A request to Sungard Pentamation Inc. from the Delaware Department of Education to incorporate the use of strong passwords was submitted in the fall of 2005. This was considered a product enhancement by Sungard, meaning that they would incorporate it into the application for the 2006-2007 school year if client interest warranted such an action at a national level. It would be extremely expensive for Delaware to fund this requested change as a custom change to the Delaware version of the software. The request has not been approved as a product enhancement. Delaware must now consider identifying source funds for this change to be embedded within the software. The anticipated completion date for the custom would be March, 2007; full implementation would be complete by July, 2007.

#### ***Anticipated Completion Date***

The anticipated completion date for the custom would be March, 2007; full implementation would be complete by July, 2007.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

**Finding Number:** 05-ED-05  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** 06-ED-03  
**Program:** 84.048 Vocational Education  
84.027, Special Education  
84.173

***Condition***

*Vocational Education*

Of the 30 payroll expenditures selected for testwork, we noted that eight were based on budgeted, rather than actual, effort supported by the employees' time and effort certifications.

*Special Education*

Of the 33 payroll expenditures selected for testwork, we noted that seven were based on budgeted, rather than actual, effort supported by the employees' time and effort certifications.

***Recommendation***

We recommend that DOE develop procedures to periodically adjust payroll costs charged to federal awards based on the actual activity performed, as supported by the time and effort certifications.

***Agency Contact***

Tammy Korosec (302) 735-4040

***Finding Status***

Action taken different than original corrective action.

***Status***

Discussions will be held with OMB to discuss finding and recommended ways of resolving issue.

**STATE OF DELAWARE**

Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-ED-06  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.010 Title I

**84.367 Improving Teacher Quality**

**84.027, Special Education Cluster**

**84.173**

***Condition***

We noted, based on a sample of 30 payroll charges, that Brandywine School District did not maintain the personnel activity reports (effort reports) as required for those employees who worked on multiple programs. We also noted that the school district neglected to obtain the required certifications for employees who spent 100% of their time in one federal program.

Total payroll and benefit costs for Brandywine School District for these programs were:

Title I	\$	1,867,399
Improving Teacher Quality		1,188,380
Special Education		1,828,770

Total payroll and benefit costs for these programs as a whole across the State were:

Title I	\$	23,942,764
Improving Teacher Quality		11,655,745
Special Education		20,399,653

***Recommendation***

We recommend that Brandywine School District maintain effort reports for all employees who work on multiple programs or obtain semiannual certifications for employees that have been solely engaged in activities supported by one funding source.

***Agency Contact***

David Blowman	(302) 793-5045
Carl Schrass	(302) 793-5011

***Finding Status***

Fully corrected.

## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

#### ***Status***

A new, revised, simplified form for the personnel activity reports was developed per an example provided by the auditor last year. An electronic version was designed and distributed to the various federal program offices. Federal program managers have been made aware of the need for their cooperation in this matter and the provision of information on fully federally funded employees.

#### ***Anticipated Completion Date***

New reporting forms are in the field at this time. Compliance monitoring is ongoing.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-ED-07  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 84.010 Title I

#### *Condition*

We noted that the State's school districts did not have documented policies and procedures to ensure equivalence among schools in teachers, administrators, and other staff, as well as equivalence among schools in the provision of curriculum materials and instructional supplies.

We noted that the U.S. Department of Education's (ED) Student Achievement and School Accountability (SASA) Programs performed a monitoring review of the DOE's administration of Title I programs. The monitoring report issued by ED on December 20, 2005 identified a finding and recommendation relating to the comparability requirement for the Title I program.

#### *Recommendation*

We recommend that DOE implement the recommendation as detailed in the above-referenced monitoring report.

#### *Agency Contact*

Ronald Houston (302) 735-4260

#### *Finding Status*

Fully corrected.

#### *Status*

As of July 1, 2006 the State's school districts have a documented policy and procedure to ensure equivalence among schools in teachers, administrators, and other staff, as well as equivalence among schools in the provision of curriculum materials and instructional supply. The form reflecting this documented procedure has been added to the Consolidated Grant application and requests the following evidence:

If the district has more than one building per grade span:

- A – The district has established and implemented a districtwide salary schedule
- B – The district has established and implemented a policy to ensure equivalence among its schools in teachers, administrators, and other staff. The policy can be either a School Board-adopted policy or a procedural policy.

What evidence does the district use to ensure this equivalence (ex.: using student/teacher ratios, districtwide class size policy numbers)?

**STATE OF DELAWARE**

Summary Status of Prior Year Findings

June 30, 2006

The district has established and implemented a policy to ensure equivalence among its schools in the provision of curriculum materials and instructional supplies. This can either be a School Board-adopted policy or a procedural policy.

What evidence does the district use to support the policy (ex: through the single audit, documenting per pupil expenditures)?

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-FIN-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 03-FIN-01, 04-FIN-01  
**Current Year Findings:** 06-FIN-01

#### *Condition*

##### *Comprehensive Annual Financial Report (CAFR) Preparation*

There has been a lack of segregation of duties over the preparation of the CAFR in prior years. For 2005, the State had more active involvement by Finance staff and additional consultant assistance in preparing certain parts of the CAFR. As a result of the additional training time, implementation of new standards, and the time spent documenting the process, the majority of the CAFR again was not completed until five months after year-end. While progress has been made, in the event of an emergency with the key employee, it would be difficult for the State to compile the CAFR prior to the December 31 deadline.

The CAFR process entails compiling worksheets, completing reconciliations, customizing reports, and recording various adjustments. The many sources of information and the extent of modification necessary results in a financial reporting process that is highly complex and susceptible to errors. There was internal review of the CAFR build-up prior to submitting the document for audit, but the process did not detect all of the errors in the build-up and GAAP packages. Additionally, while a timeline was developed for the completion of major milestones for the CAFR process, none of the significant deadlines were met and while a first completed draft of the CAFR was planned for November 1, it was not available until December 6. We noted that many financial reporting deliverables were not completed by the projected deadlines.

Additionally, the financial reporting process is highly dependent on cooperation from component units and other agencies. The component units and several large funds have separate audits that need to be coordinated. When there is not a separate audit, accrual accounting (GAAP) packages are completed annually by personnel in departments and agencies across the State. As a result, there are many manual processes completed by agency/department personnel. We noted significant improvements in the timing of receipt of component unit and other agency financial statements. In addition, the GAAP package reporting process also relies on the audit to ensure that amounts are accurate and properly supported. We noted a few errors in the information submitted on the GAAP packages that were not detected by the Division of Accounting's review process.

#### *Recommendation*

We recommend that management continue to refine their review of the completed draft CAFR and approve all significant adjustments, conversion to accrual adjustments, and reconciliations. The review should include an evaluation of the reasonableness of individual financial statement line items by an individual with sufficient financial reporting experience to detect inconsistencies and errors.

Because of the complexity of the report build-up process, management should reevaluate the adjustments to convert budget-basis numbers to GAAP and limit reconciling adjustments to required material amounts. In fiscal year 2006, consistency should be put aside as management evaluates the necessity of the adjustments made to the core Delaware Financial Management System (DFMS) reports for CAFR preparation with a focus toward making the year-end financial statements more consistent with management reporting one throughout the year.



## **STATE OF DELAWARE**

### **Summary Status of Prior Year Findings**

June 30, 2006

We continue to encourage the State to hire financial reporting personnel who can be used to help manage completion of various processes and prepare the CAFR.

The improvements in the component unit timelines and report formats should be built upon to ensure complete compliance, and comments on potential improvements to the financial statements for 2006 should be communicated to the component units by the Division of Accounting as soon as possible to allow them to plan. Additionally, these entities should be provided with control numbers for items expected to be identified in the financial statements, including transfer amounts, debt, cash, and due to/from. The GAAP package preparation process should be a priority for all entities/agencies included in the State's financial reporting entity. The importance of accurate and timely submission of financial information be communicated to the senior management responsible for these entities/agencies. In addition, we recommend that there be periodic status reports communicated to senior management to ensure that the GAAP package preparation process continues to be a priority for the personnel responsible for the accurate submission of information.

GAAP package information should be subject to a site review by Division of Accounting personnel for all material agencies in addition to a desk review by a knowledgeable accountant as soon as received to ensure that amounts are accurate and properly supported.

#### ***Agency Contact***

Trish Neely (302) 744-1035

#### ***Finding Status***

Not corrected or partially corrected.

#### ***Status***

Action was taken during the 2005 process to consolidate GAAP packages and the State is continuing that approach. Additionally, a comprehensive quality assurance review of the packages has been instituted to ensure amounts reported are accurate and fully supported. Site visits and/or telephone contact will occur with agencies, if necessary, based on the outcome of this review. The division has more financial reporting personnel working on the preparation of the State's CAFR than ever before. During 2006, we hired two additional full time and hired back two seasoned employees on a part time, casual/seasonal basis to assist with the compilation of various processes and financial statement preparation of the CAFR. Additionally, consultant assistance has been secured to prepare certain components of the 2006 CAFR and the division is committed to retaining this resource for the preparation of the 2007 CAFR. For the preparation of this year's CAFR, the division instituted the use of Microsoft Project to develop a project plan and manage the progress of the CAFR preparation. This plan also serves as a tool to document the activities associated with the preparation of this important report and will be used for cross-training purposes. We plan to conduct a post 2006 CAFR review and look forward to the opportunities for improvements that exist because of the insight new staff will bring to the process.

#### ***Anticipated Completion Date***

January – May 2007, process review and reengineering of processes.

June – December 2007, implementation of enhancements.

January 2008 – Post CAFR review and evaluation.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-FIN-02  
**Fiscal Year:** 2005  
**Related Prior Findings:** 03-FIN-02, 04-FIN-02  
**Current Year Findings:** 06-FIN-02

#### *Condition*

##### *Capital Assets and Construction in Process*

In order to calculate the ending capital asset balances for inclusion in the CAFR, the State relies on information recorded in the GAAP packages. As noted in finding 05-FIN-01, the Department of Finance again hired consultants to review the data received from the various departments. The accountants detected numerous errors in the amounts reported by agencies on GAAP packages and some remaining inconsistencies in the methodology used to support the amounts. While significant strides were made in cleaning up the records, most of this effort was accomplished after year-end, which added to the delay in preparing the CAFR. Some of the issues resolved in 2005 included construction projects in process not being timely closed out to the appropriate capital asset category upon completion; projects that were completed and placed into service in prior years, but recorded as capital asset additions in the current year; and the identification of assets purchased on installments not being recorded when the commitment was finalized.

#### *Recommendation*

The capital asset and construction in process balances comprise a significant portion of the State's total assets. As such, we recommend that the balances be centrally managed by the Department of Finance including site visits to agencies with significant capital assets and construction projects throughout the year. The development of a capital asset accountant oversight position would ensure that the respective agencies are appropriately maintaining accurate capital asset balances throughout the year, transferring completed projects to the appropriate capital asset category timely, validating the accuracy of system reports and properly calculating ending balances on the GAAP packages. In addition, enhanced training on the proper accounting for capital assets, including construction in process, should be mandatory for all agencies with significant capital asset balances to ensure that each agency is completing GAAP packages and calculating capital asset values consistently and in accordance with the State's policies and generally accepted accounting principles.

#### *Agency Contact*

Trish Neely (302) 744-1035

#### *Finding Status*

Not corrected or partially corrected.

#### *Status*

Although fixed assets are not centrally managed they are centrally reviewed. Training has been enhanced to stress problem areas from the past including the proper handling of installment purchases. Site visits are made to agencies with significant construction projects. All significant items are reviewed, including expenditures and completed projects, and known errors are corrected prior to completion of the CAFR. We will continue to review the fixed assets for additional ways to strengthen this part of the CAFR preparation process.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

*Anticipated Completion Date*  
August 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-FIN-03  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-FIN-04  
**Current Year Findings:** 06-FIN-03

#### *Condition*

##### *Information Technology General and Application Controls*

The State of Delaware Office of Auditor of Accounts issued three reports in the prior year that contained reportable conditions related to the information technology general and application controls surrounding the State's accounting (DFMS) and payroll (PHRST) computer systems that are involved in the processing of financial transactions. The Summary Status of Prior Year Findings indicates that, although some items have been corrected, the conditions observed in fiscal year 2004 continued to exist during the period under audit.

A summary of the findings of these reports follows:

##### *State of Delaware Office of Auditor of Accounts, Department of Finance DFMS Application Controls Fiscal Year 2004 Information Systems Audit (Report IS-2004-02)*

This report identified opportunities to strengthen the security and data reliability of DFMS, including weaknesses in the following areas relative to DFMS application controls:

- **User Account Management:** DFMS user accounts are not being removed or disabled on a timely basis when personnel transfer or separate from State employment.
- **Monthly Reconciliations:** The majority of agencies and school districts are not remitting the monthly certifications as required by Delaware Accounting Memorandum #04-14. Additionally, the Department of Finance did not have an internal policy to effectively track monthly remittance of agency/school district certifications.
- **DFMS Authorization Forms:** The Division of Accounting is not adequately maintaining DFMS authorization forms.
- **Access to DFMS Production Datasets:** Programmers responsible for maintaining the DFMS application have been granted access to DFMS production datasets without adequate controls to detect changes made to the production environment.
- **DFMS Suspense Table:** Agencies are not resolving DFMS transactions that fail to pass system edit routines in a timely manner.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

*State of Delaware Office of Auditor of Accounts, State Personnel Office/Department of Finance, PHRST ERP Audit Fiscal Year 2004 Information Systems Audit (Report IS-2004-03)*

This report identified internal control vulnerabilities, which, if exploited, could permit improper changes to the system's security structure and changes to payroll data to occur and not be readily detected, including weakness in:

- **Security Documentation:** Management does not maintain documentation relating to the design and assignment of permission lists and roles for the PHRST system.
- **Powerful Permissions:** Security administration functions have not been properly segregated and the assignment of powerful permissions are not commensurate with job functions.
- **Restricting Access to the Application Designed Tool:** Access to PeopleSoft development and integration tools has not been adequately restricted for the PHRST system.
- **Security Table Logging and Audit Trails:** Management does not regularly review PeopleSoft audit tables and changes to the PeopleSoft security tables.

*State of Delaware Office of the Auditor of Accounts, Department of Technology and Information, William Penn and Biggs Data Center Controls Follow-up*

This report identified weaknesses in general controls related to the William Penn Data Center, which houses the DFMS and PHRST systems, including weaknesses in:

- Operating system and application development
- Data file access and security administration
- Change control
- Physical security
- Disaster recovery planning and backup procedures

#### ***Agency Contact***

R. Dale Abbot, IT Audit Control Specialist,  
Department of Technology and Information (302) 739-9634  
Trish Neely, Director of Accounting (302) 744-1035

#### ***Recommendation***

We recommend that the State continue to implement the recommendations as detailed in the above-referenced reports.

#### ***Finding Status***

Fully corrected.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

#### *Status*

*User Account Management:* DFMS audits security access using a report that interfaces with PHRST records to notify the DFMS Security Administrator of changes in DFMS users employment (termination and transfer to other organizations). This report is received monthly and access in DFMS is disabled or deleted as required. This report is also used to audit the files of authorization forms.

*Monthly Reconciliations:* The division developed and implemented a policy that requires monthly certification of internal controls by state organizations.

*DFMS Authorization Forms:* The DFMS staff now uses the DFMS/PHRST Exception report to audit the files of authorization forms.

*Access to DFMS Production Datasets:* DTI management review controls are in place for the DFMS production database.

*DFMS Suspense Table:* A new suspense file report was created that allows organizations access through Mobius to all transactions on file greater than 30 days.

*PHRST Security Documentation:* The PHRST Security Administrator has taken several steps to document the design and assignment of permission lists and roles.

1. A spreadsheet has been created for each Role used in PHRST. These spreadsheets were created using the "Role" name as it exists in PeopleSoft 8.8 and contains a Role and Permission List tab. The Role tab contains the Menu Names, Bar Items, Panel Items, Authorized Actions, and Display for all access granted to that Role. The Permission List tab contains a list of the Permission Lists, as they exist in PeopleSoft 8.8, that are used in the Role. These spreadsheets are reviewed by the PHRST managers. Steps are being implemented to use these spreadsheets for identifying necessary access changes to the security administrator. The security administrator will modify the Permission List and Role access based on these changes.
2. Steps have been included for new development efforts and modifications to existing objects in "Stat", our change management/version control tool. A security area has been added to the Requirements document, Resolution document, and Stat Workflow. Security requirements are identified by the customer and documented in the Requirements and Resolution documents. An additional step has been added to the STAT Workflow, allowing the security administrator to add security prior to moving the development effort to User Acceptance Testing. The security administrator creates/modifies permission lists based on customer requirements. These permission list(s) are then saved in an Application Designer project using a standard naming convention (SEC Customer Service Request number) which is used to migrate security changes to production and development databases.

*Powerful permissions:* The number of users assigned to the PeopleSoft Administrator role within PHRST has been reduced from nine users to four. The four users having this access are two PHRST PeopleSoft Administrators, one backup administrator and the PHRST Security Administrator. The PHRST technical manager and backup are assigned to the DEMASTER permission list. Access to security has been removed from the DEMASTER permission list. The access granted to these users is necessary for requirements of job functions.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

*Restricting Access to the Application Design Tool:* The list of users and permission lists with this privilege has been reviewed. Access to all development and intergration tools (i.e. Application Designer, Application Engine, Workflow Administrator, Query Manager, and Business Process Designer) has been removed from all end user permission lists. Two individual permission lists were created for access to Application Designer (one update and one view only) and have been assigned to central users based on job functions. The other PeopleSoft development and integration tools are restricted to the same users identified in the response to EX.2 with the addition of a Stat Administrator who performs migrations.

*Security Table Logging and Audit Trails:* Customer Service Request #824 was developed and implemented to create audit tables for additions, changes, and deletions to user profiles, permission lists, people tools permissions, and roles. Queries can be run against these tables as requested. Policies and procedures are being developed to regularly review these logs. There was a transition in the PHRST security administrator position at the beginning of the year which has delayed development and implementation of the policies and procedures.

- Operating system and application development
- Data file access and security administration

ACF2 access is reviewed to ensure access is restricted to only those users requiring this privilege. A current list of rules is provided. All user IDs with write access have their actions logged. These rules are maintained by DTI and their policy for reviewing the logs is also provided.

- Change control
- Physical security
- Disaster recovery planning and backup procedures

PHRST and DTI personnel collaborated to perform a Disaster Recover Test in August, 2006. The test was successful and proved that DTI could recover the PHRST system at a SunGard satellite location, that central and end user access was available, and that batch processes could be run.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-FIN-04  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** 06-FIN-04

#### *Condition*

##### *SuperCard Transactions*

The State of Delaware Office of Auditor of Accounts issued a report entitled Department of Finance, Statewide SuperCard Audit June 30, 2005 in the current year that contained reportable conditions related to the implementation of the State's procurement and travel card program, known as SuperCard.

The Department of Finance, Division of Accounting, is responsible for the oversight and management of the SuperCard program.

Internal control weaknesses exist at both the oversight level and within the individual departments. Summaries of these weaknesses are as follows:

- Policies and procedures are not updated to reflect the current operating processes of the SuperCard program and do not include:
- Guidelines for reviewing spending limits and limiting the State's outstanding potential liability.
- 1099 process for including required SuperCard vendors.

In addition, stricter criteria should be included in the policies and procedures regarding who should be issued a SuperCard.

- Spending limits assigned to employees are too high.
- 88.5% of employees (Statewide), issued a SuperCard, use less than 10% of their assigned credit limit each month.
- As of January 1, 2005, the total available profile limit to SuperCard holders was approximately \$49,800,000 and the average monthly spending of SuperCard holders was \$6,700,000, leaving \$44,100,000 of the assigned profile limits unspent each month. The State's maximum credit limit is \$20,000,000, \$4,000,000 of which is limited strictly for vendor-specific ACI payments. The maximum risk to the State each month is \$16,000,000. In addition, the State is insured up to \$100,000 per employee if the card is misused by the employee and if the employee is notified of termination within 75 days of the improper item(s) being billed.
- Neither the Division of Accounting nor the departments review transaction history to determine the appropriateness of profile limits assigned to cardholders.
- Not all cardholders issued a SuperCard have a need for the credit card. As of January 1, 2005, 888 cardholders had no activity on their SuperCard for calendar year 2004.



## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

- Departmental monthly reconciliations of SuperCard transactions are not always completed in a timely manner, and there is not always evidence of supervisory review and approval of the monthly reconciliations.
- Payments to the Division of Accounting for SuperCard purchases are not always timely, and the Division of Accounting did not reconcile the department, SuperCard payments, on a monthly basis.
- Transactions were not always evidenced by supporting documentation or supervisory approval of the purchase. Of 1,285 transactions reviewed:
  - 110 valued at \$60,166 did not have supporting documentation.
  - 488 valued at \$392,520 did not have evidence of supervisor approval.
- Cash advances are used at some departments throughout the State. Of the \$185,000 cash advances in calendar year 2004, approximately \$4,000 of known misuse has occurred.
- The Department of Administrative Services (under the Office of Management and Budget as of July 1, 2005) did not always comply with State procurement law when utilizing the SuperCard:
  - 22 purchase orders were dated after the purchase of the goods in the above-referenced report related to weaknesses at the oversight level.
  - 20 purchases that should have utilized vendor contracts did not utilize them.
  - 80 purchases were not paid within 30 days of the receipt of the invoice.

#### ***Recommendation***

We recommend that the Department of Finance, Division of Accounting, implement recommendations made in the above-referenced report related to weaknesses at the oversight level.

#### ***Agency Contact***

Trish Neely (302) 744-1035

#### ***Finding Status***

Not corrected or partially corrected.

#### ***Status***

1. Updated policies and procedures reflecting the current operating processes of the SuperCard Program have been written and forwarded to the OMB for inclusion in the Budget and Accounting Manual.

The document includes:

Guidelines regarding who should be issued a SuperCard.

Guidelines for assigning spending limits and for placing cards in a profile with no spending limit when not being used.

Guidelines for an annual review of the profile assigned to a card.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

Guidelines for monthly reconciliations of SuperCard transactions.

Guidelines for payments to the Division of Accounting for SuperCard purchases. (The Division of Accounting is reconciling the department, SuperCard payments, on a monthly basis.)

Guidelines for cash advances.

2. Two Divisions of Accounting Internal Control positions were filled in September 2006. These individuals will devote approximately 25% of their time to SuperCard issues to include auditing organization activities for the following:
  - i) Supporting documentation and supervisory approval of purchases, ii) compliance with State procurement law, iii) use of vendor contracts, and iv) payment of Intergovernmental Vouchers in compliance with guidelines.
3. The Division of Accounting has documented the IRS Form 1099 process to include procedures for SuperCard vendors.
4. A procedure is in place for reconciliation of the SuperCard IV billings on a monthly basis.

The Department of Administrative Services (under the Office of Management and Budget as of July 1, 2005) did not always comply with State procurement law when utilizing the SuperCard:

- 22 purchase orders were dated after the purchase of the goods.

Response: OMB Financial Operations has educated management and staff on State policy regarding purchases greater than \$2500.

- 20 purchases that should have utilized vendor contracts did not utilize them.

Response: OMB Financial Operations continues to monitor purchases to ensure compliance on usage of state contracts. Documentation is maintained in cases where it was necessary to purchase off State contract.

- 80 purchases were not paid within 30 days of the receipt of the invoice.

Response: Staff have been trained and managers are monitoring the timely processing of the credit card IVs.

***Anticipated Completion Date***

January 2007

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-OMB-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** 04-ED-01, 04-ED-02  
**Current Year Findings:** 06-OMB-01

#### *Condition*

We noted several instances across the State in which the composite clearance method was not appropriately followed, including:

1. For the Child and Adult Care Food program, for one out of three cash draws selected for testwork, the drawdown was made one day after the midpoint of the composite group of disbursements. The weighted average clearance for the Child and Adult Care Food Program is ten days for nonpayroll disbursements per the Treasury-State Agreement. The amount that was drawn was approximately \$175,000.
2. For the Title I, Improving Teacher Quality, Special Education, Vocational Education, Twenty First Century Community Learning Centers, and Technology Literacy Challenge Grants Programs, we noted that two of the 11 cash draws selected for testwork, the draws were made seven days after the midpoint of the group of composite disbursements although the weighted average clearance for vendor payments per the Treasury-State Agreement is ten day for nonpayroll disbursements. The amount of nonpayroll expenditures that were drawn were approximately \$858,000 in total for the two draws.
3. The WIC Program draws down approximately weekly. For three of the thirteen cash drawdowns selected for testwork, the WIC Program had not maintained contemporaneous supporting documentation from the State's general ledger system (DFMS) supporting the amount and timing of the draw. These draws totaled \$862,509. Total drawdowns for the sample totaled \$5,713,766.

The State's accounting system (DFMS) does not have the ability to be queried as of a point in time. Additionally, validity reports that detail account balances in the DFMS system on a weekly basis are not maintained by the program and the State maintains such reports electronically for a limited period of time.

4. For the Highway Planning and Construction Cluster, we noted that all thirteen draws selected for testwork were made five days subsequent the midpoint of the group of composite disbursements. The weighted average clearance for all disbursements per the Treasury – State agreement is seven days. Total drawdowns for the sample were \$26,895,315.
5. For the Federal Transit Cluster, we noted that all five draws selected for testwork were made five days subsequent to the midpoint of the group of composite disbursements. The weighted average clearance for all disbursements per the Treasury – State agreement is ten days. Total drawdowns for the sample were \$7,875,447.

The State reported no interest liability on its annual report for the year ended June 30, 2005.

**STATE OF DELAWARE**  
Summary Status of Prior Year Findings  
June 30, 2006

***Recommendation***

We recommend that the State's OMB:

- develop Statewide policies and procedures related to federal cash management activities,
- provide copies of the Treasury – State agreement to each impacted agency, and
- provide periodic training sessions for individuals responsible for federal cash management activities.

***Agency Contact***

John D. Nauman        (302) 672-5129

***Finding Status***

Not corrected or partially corrected.

***Status***

The update to the Budget and Accounting manual will drive the process. The training manual will have an added section discussing cash management activities.

***Anticipated Completion Date***

I anticipate this being finalized by January 1, 2007.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-SAM-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 93.959 Block Grants for the Prevention and Treatment of Substance Abuse

#### *Condition*

There are four employees whose work are 100% charged to the program and complete semiannual effort reports as required. Other employee salaries were charged to the program without required effort reporting for the first six months of fiscal 2005, and one employee's salary was charged to the program without required effort reporting for the entire year.

#### *Recommendation*

The one employee whose position was not moved to State funding in January 2005 and did not complete an effort report should either be moved to State funding or complete the appropriate effort reporting.

#### *Agency Contact*

Ben Klein (302) 255-9153

#### *Finding Status*

Fully corrected.

#### *Status*

Employees whose salary and fringe benefit costs are supported by the SAPT Block Grant complete an after-the-fact certification that 100% of their time was devoted to block grant activities. These certification forms cover a 6-month period (January – June and July – December), and are signed by the employees and their supervisor.

## STATE OF DELAWARE

### Summary Status of Prior Year Findings

June 30, 2006

**Finding Number:** 05-STA-01  
**Fiscal Year:** 2005  
**Related Prior Findings:** None  
**Current Year Findings:** None  
**Program:** 64.203 State Cemetery Grants

#### ***Condition***

During fiscal year 2005, \$3,072,451 in federal funds were expended in a construction project for which the contractor did not contemporaneously submit certified payroll records to the State. The project was entirely federally funded. Total expenditures under CFDA number 64.203 were \$3,275,520.

Although the Department was aware that the federal prevailing wage rates applied and the contractors were so informed, the Department did not have policies and procedures in place to require submission of and monitor certified payrolls. Certified payrolls for this project were provided to the Department of State by the contractor upon request in February 2006.

#### ***Recommendation***

Because the State Department of Labor, Division of Labor Law Enforcement does not have responsibility for oversight of federal construction projects, we recommend that the Department of State develop policies and procedures related to federally funded construction projects that include procedures and assignment of responsibility for monitoring Davis-Bacon Act submissions from contractors at the department level.

#### ***Agency Contact***

Tim Ferrier, Chief of Administration (302) 739-4111, 1202

#### ***Finding Status***

Not corrected or partially corrected.

#### ***Status***

After consultation with the State Office of Management and Budget, it has been decided that the Department of State will draft a memo to its divisions making them aware of Davis-Bacon Act requirements and assigning shared responsibility for Davis-Bacon compliance between the appropriate division director and the Chief of Administration.

#### ***Anticipated Completion Date***

November 1, 2006